NOTICE OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS

TUESDAY, SEPTEMBER 8, 2020

6:00 P.M.

Notice is hereby given of a meeting of the Tomball City Council, to be held on Tuesday, September 8, 2020 at 6:00 P.M., City Hall, 401 Market Street, Tomball, Texas 77375, for the purpose of considering the following agenda items. All agenda items are subject to action. The reserves the right to meet in a closed session for consultation with attorney on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1.0 Call to Order

1.1 IN ACCORDANCE WITH ORDER OF THE OFFICE OF THE GOVERNOR ISSUED MARCH 16, 2020, THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, WILL CONDUCT THE MEETING SCHEDULED FOR SEPTEMBER 8, 2020, 6:00 P.M., AT 401 MARKET STREET, TOMBALL, TEXAS, 77375. IN ORDER TO ADVANCE THE PUBLIC HEALTH GOAL OF LIMITING FACE-TO-FACE MEETINGS (ALSO CALLED "SOCIAL DISTANCING") TO SLOW THE SPREAD OF THE CORONAVIRUS (COVID-19), THERE WILL BE LIMITED PUBLIC ACCESS TO THE LOCATION DESCRIBED ABOVE. THIS MEETING AGENDA AND THE AGENDA PACKET ARE POSTED ONLINE AT https://tomballtx.gov/Archive.aspx?AMID=38; A RECORDING OF THE MEETING WILL BE MADE AND WILL BE AVAILABLE TO THE PUBLIC IN ACCORDANCE WITH THE OPEN MEETINGS ACT UPON WRITTEN REQUEST.

The public toll-free dial-in numbers to participate in the telephonic meeting are any one of the following (dial by your location): +1 312 626 6799 US (Chicago); +1 646 876 9923 US (New York); +1 301 715 8592 US; +1 346 248 7799 US (Houston); +1 408 638 0968 US (San Jose); +1 669 900 6833 US (San Jose); or

+1 253 215 8782 US (Tahoma) - Meeting ID: 927 5938 8408. The public will be permitted to offer public comments telephonically, as provided by the agenda and as permitted by the presiding officer during the meeting.

2.0 Invocation

- Led by Pastor Salvatore Sberna III (Pastor Sal) - People Church

3.0 Pledges to U.S. and Texas Flags

4.0 Public Comments and Receipt of Petitions *[At this time, anyone will be allowed to speak on any matter other than personnel matters or matters under litigation, for length of time not to exceed three minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.]*

5.0 Presentations:

- Oath of Office – Taner Drake, new Assistant Fire Chief
- Shanna Botelho, Kathryn Caspersen and Brandy Oliver have earned Level I Municipal Court Clerk Certification

6.0 Reports and Announcements

- ***GrooveFest 2020*** *– September 19, 2020 at the Depot – a Virtual Event*
- Reports by City staff and members of council about items of community interest on which no action will be taken:
  - Beth Jones – Update on Broussard Park
  - Mike Baxter – ***GrooveFest2020*** *– Details about the Upcoming Virtual Event*

7.0 Approve the Minutes of the Augsut 17, 2020 Special Joint Meeting with City Council and TEDC and the August 17, 2020 Regular Tomball City Council Meeting

8.0 Old Business:

8.1 Adopt, on Second Reading, Ordinance No.2020-23, an Ordinance of the City Council of the City of Tomball, Texas. Adopting the Budget for the City of Tomball, Texas, for Fiscal Year 2020-2021; and Authorizing the City Manager to Approve Intra-Departmental (Within the Same Department Only) Transfers of Budgeted Funds; and Amending the Budget for the 2019-2020 Fiscal Year in Accordance with Actual Expenditures; and Providing Other Details Relating to the Passage of This Ordinance

9.0 New Business Consent Agenda: *[All matters listed under Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, the item in question will be removed from the Consent Agenda and will be considered separately. Information concerning Consent Agenda items is available for public review.]*

9.1 Cast Ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees (TML-IRP)

9.2 Approve Continued Participation in Harris County Emergency Operations Plan and Authorize the Mayor to Execute the Necessary Harris County Document Accepting the Revisions to the Harris County Emergency Operations Basic Plan Document

10.0 New Business:

10.1 Ratify the FY 2020-2021 Budget and Find that the Proposed Tax Rate of $.337862/$100 Does Not Exceed the No-New-Revenue Tax Rate and Will Not Generate More Property Tax Revenue than the FY 2019-2020 Budget

10.2 Adopt $0.173583 as the Portion of the Tax Rate to Fund the Interest and Sinking (Debt Service) Fund for Fiscal Year 2020-2021

10.3 Adopt $0.164279 as the Portion of the Tax Rate to Fund the Maintenance and Operations (M&O) Fund for Fiscal Year 2020-2021

10.4 Conduct Public Hearing regarding the Proposed 2020 Tax Rate of $0.337862/$100 Assessed Value for the City of Tomball, Texas

10.5 Adopt, on First Reading, Ordinance No. 2020-24, an Ordinance of the City of Tomball, Texas, Setting the Tax Levy of $0.337862/$100 Value Assessed for the Year 2020 on All Taxable Real and Personal Property Located in the City of Tomball, Texas; Providing for Penalty, Interest, and Additional Penalty on Taxes Not Timely Paid; and Providing Other Matters Relating to the Subject

10.6 Announce that the Date for the Final Vote on the 2020 Tax Rate will be at a Special City Council Meeting on September 14, 2020 at 5:00 p.m.

10.7 Conduct Public Hearing of the City Council of the City of Tomball Regarding Proposed Assessments to be Levied Against Certain Assessable Property in the Raburn Reserve Public Improvement District (TPID 10)

10.8 Adopt, on First Reading, Ordinance No. 2020-26, an Ordinance of the City of Tomball, Texas Approving a Service and Assessment Plan and Assessment Roll for Authorized Improvements for The Raburn Reserve Public Improvement District (The "District"); Making a Finding of Special Benefit to Certain Property in The District; Levying Assessments Against Certain Property within The District and Establishing a Lien on Such Property; Providing for Payment of the Assessment in Accordance with Chapter 372, Texas Local Government Code, as Amended; Providing for the Method of Assessment and the Payment of the Assessments; Providing Penalties and Interest on Delinquent Assessments; Providing for Severability and Providing an Effective Date

10.9 Approve Resolution 2020-28, A Resolution Of The City Council Of The City Of Tomball, Texas Approving The Distribution Of A Preliminary Limited Offering Memorandum For Its Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)

10.10 Approve, on First Reading, Resolution No. 2020-26-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation's Project to Expend Funds in accordance with an Economic Development Performance Agreement by and between the Corporation and TCG Capital, LLC, to make direct incentives to, or expenditures for, assistance with infrastructure costs required or suitable for the promotion of new or expanded business enterprise related to the construction of a 44,000 square foot indoor sports facility to be located at 19220 Theis Ln., Tomball, Texas 77375. The estimated amount of expenditures for such Project is $119,450.00.

10.11 Consideration and possible action to approve, as a Project of the Tomball Economic Development Corporation, an agreement with CCJ Collaborations, LLC to make direct incentives to or expenditures for the creation or retention of primary jobs associated with the development of a 10,500 square foot brewery and restaurant facility to be located on Lot 16 of the Tomball Business and Technology Park. The estimated amount of expenditures for such Project is $254,502.00.

10.12 Approve the Tomball Economic Development Corporation (TEDC) 2020-2021 Strategic Work Plan

10.13 Approve the Tomball Economic Development Corporation (TEDC) 2020-2023 Strategic Plan

10.14 Approve the Tomball Economic Development Corporation (TEDC) Fiscal Year 2020-2021 Budget

10.15 Adopt, on First Reading, Ordinance No. 2020-25, an Ordinance Amending the Code of Ordinances of the City of Tomball, Texas by Amending Section 34-1, Definitions, and Section 34-7, Miscellaneous Sign Provisions, of Article I, In General, of Chapter 34, Signs, to Add a Definition of Old Town Area and to Apply Regulations to Sign Colors within the Old Town Area; Providing for Severability; Providing for a Penalty of An Amount Not to Exceed $2,000 for Each Day of Violation of Any Provision Hereof; Making Findings of Fact; and Providing for Other Related Matters

10.16 Approve Health Insurance Contracts for City Employees with Blue Cross Blue Shield and Cigna

10.17 Approve Amendments to Administrative Policy No. 27, Policies and Procedures to Receive State and Federal Grant Funding

10.18 Approve Resolution No. 2020-27, a Resolution of the City Council of the City of Tomball, Texas, Authorizing the Submission of a Community Development Block Grant – Mitigation Project Application to the General Land Office; and Authorizing the City Manager or Assistant City Manager to Act as the City’s Executive Officer and Authorized Representative in All Matters Pertaining to the City's Participation in the Community Development & Revitalization Program

10.19 Approve Gas Sales Agreement, Supplier Addendum and Participant Addendum with Symmetry Energy Solutions for the City’s North and South Gates and Authorize the City Manager to Execute the Agreement

11.0 Adjournment

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall; City of Tomball, Texas, a place readily accessible to the general public at all times, on the 3rd day of September 2020 by 5:00 p.m., and remained posted for at least 72 continuous hours proceeding the scheduled time of said meeting.

Doris Speer

_____

Doris Speer
City Secretary, TRMC

This facility is wheelchair accessible and accessible parking spaces are available Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information.

AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

- Led by Pastor Salvatore Sberna III (Pastor Sal) - People Church

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

- Oath of Office – Taner Drake, new Assistant Fire Chief
- Shanna Botelho, Kathryn Caspersen and Brandy Oliver have earned Level I Municipal Court Clerk Certification

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

- ***GrooveFest 2020*** *– September 19, 2020 at the Depot – a Virtual Event*
- Reports by City staff and members of council about items of community interest on which no action will be taken:
  - Beth Jones – Update on Broussard Park
  - Mike Baxter – ***GrooveFest2020*** *– Details about the Upcoming Virtual Event*

Background:

Origination:
Various

Recommendation:
N/A

Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve the Minutes of the Augsut 17, 2020 Special Joint Meeting with City Council and TEDC and the August 17, 2020 Regular Tomball City Council Meeting

Background:

Origination:
City Secretary

Recommendation:
Approve

Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

August 17, 2020 Special Joint Meeting with City Council and TEDC and the August 17, 2020 Regular Tomball City Council Meeting.

MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS

MONDAY, AUGUST 17, 2020
6:00 P.M.

The City Council of the City of Tomball, Texas, conducted the meeting scheduled for August 3, 2020, at 6:03 p.m., at 401 Market Street, Tomball, Texas, 77375, via video/telephone conference (Zoom).

1.0 Mayor Fagan called the meeting to order at 6:00 p.m., having established a quorum. Mayor Fagan read a statement regarding the process for the conduct of the meeting via Zoom and telephone. Members present (in person):

Councilman Ford
Councilman Stoll
Councilman Degges
Councilman Klein Quinn

Members present (via video):

Councilman Townsend

Others present:

City Manager – Robert Hauck (in person)
Assistant City Manager – David Esquivel (in person)
City Secretary – Doris Speer (in person)
City Attorney – Loren B. Smith (in person)
Legal Secretary-Olson & Olson – Layla Walker (via video)
Fire Chief – Randy Parr (via video)
Police Chief – Jeff Bert (in person)
Marketing Director – Mike Baxter (via video)
Finance Director – Glenn Windsor (in person)
Director of Public Works – Beth Jones (in person)
Director of Community Development – Craig Meyers (in person)
Police Officer-Investigations – Cleo Thomas (in person)
Pastor Scott Zyblot – Silver Spring Baptist Church (via video)

2.0 The invocation was led by Pastor Kevin Bowles – Redeemer Church.

3.0 Pledges to U. S. and Texas Flags were led by Chief Randy Parr.

4.0 No public comments were received.

5.0 Reports and Announcements:

- ***Tomball City Pool – 2020 Swim Season*** - Jerry Matheson Park Pool will be open on Saturday and Sunday only on the weekends of August 22-23 and August 29-30. The pool will be closed every Monday during swim season 2020, except Labor Day (September 7). Normal pool hours are: Labor Day: 10 a.m.-6 p.m. and Saturday & Sunday: 12 p.m.-8 p.m.
- Reports by City staff and members of council about items of community interest on which no action will be taken:
    - Luisa Taylor – Quarterly Investment Report for Period Ending June 30, 2020. The Public Funds Investment Act requires that a report of the City's Investments be presented to Council on a quarterly basis. The investment report includes a listing of all investments together with information relating to diversification, cost vs. market values at the end of the quarter, yield information, and weighted average maturities. On June 30, 2020, the City had total cash and cash equivalents in the amount of $65,617,945.

6.0 Motion was made by Councilman Stoll, second by Councilman Ford, to approve the Minutes of the August 3, 2020 Regular Tomball City Council Meeting.

Motion carried unanimously.

7.0 New Business Consent Agenda:

7.1 Appoint/Reappoint Members to the Tomball Regional Health Foundation Board of Directors for Terms Expiring September 1, 2020

7.2 Approve Interlocal Agreement between the City of Tomball and Tomball Independent School District (TISD), Affording the Tomball Police Department the Ability to Assign Five (5) Student Resource Officers (SROs) to TISD Campuses

7.3 Approve Interlocal Agreement between the City of Tomball and Tomball Independent School District, Affording the Tomball Police Department the Ability to Provide Police Services on a Contractual Basis for Specialized Events Occurring Before, During and After Normal Campus Hours

Motion was made by Councilman Stoll, second by Councilman Ford, to appoint and approve (Items 7.1, 7.2, and 7.3). Vote was as follows:

Councilman Ford	Aye
Councilman Stoll	Aye
Councilman Degges	Aye
Councilman Townsend	Aye
Councilman Klein Quinn	Aye

Motion carried unanimously.

8.0 New Business:

8.1 Conduct First Public Hearing for the Purpose of Adopting the City of Tomball's Budget for Fiscal Year 2020-2021.

- Mayor Fagan opened the Public Hearing of the City Council of the City of Tomball to adopt the City of Tomball's budget at 6:13 p.m.

  Receiving no public comments, Mayor Fagan closed the Public Hearing at 6:13 pm.

8.2 Adopt, on First Reading, Ordinance No. 2020-23, an Ordinance of the City Council of the City of Tomball, Texas, Adopting the Budget for the City of Tomball, Texas, for Fiscal Year 2020-2021; and Authorizing the City Manager to Approve Intra-Departmental (Within the Same Department Only) Transfers of Budgeted Funds; and Amending the Budget for the 2019-2020 Fiscal Year in Accordance with Actual Expenditures; and Providing Other Details Relating to the Passage of This Ordinance.

- Motion was made by Councilman Stoll, second by Councilman Klein Quinn, to read Ordinance No. 2020-23 by caption only on First Reading.

  Motion carried unanimously.

- Motion was made by Councilman Townsend, second by Councilman Stoll, to adopt Ordinance No. 2020-11 on First Reading. Vote was as follows:

Councilman Townsend	Aye
Councilman Klein Quinn	Aye
Councilman Ford	Aye
Councilman Stoll	Aye
Councilman Degges	Aye

  Motion carried unanimously.

8.3 David Esquivel presented an update regarding the City of Tomball Strategic Plan – no action taken.

No action required.

8.4 Motion was made by Councilman Ford, second by Councilman Townsend, to approve the Proposed Tax Rate of $0.337862/$100 for 2020 and Set the Public Hearing Date on the Proposed Tax Rate for 2020 for September 8, 2020.

Motion carried unanimously.

8.5 Motion was made by Councilman Ford, second by Councilman Townsend Approve and Announce that the Dates for the Vote on the 2020 Tax Rate will be held at a Regular City Council Meeting on September 8, 2020 at 6:00 p.m. and at a Special City Council Meeting on September 14, 2020 at 5:30 p.m.

Motion carried unamiously.

9.0 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to adjourn.

Motion carried unanimously.

Meeting adjourned at

PASSED AND APPROVED this the _____ day of September 2020.

Doris Speer, TRMC, MMC
City Secretary

Gretchen Fagan
Mayor

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Adopt, on Second Reading, Ordinance No.2020-23, an Ordinance of the City Council of the City of Tomball, Texas. Adopting the Budget for the City of Tomball, Texas, for Fiscal Year 2020-2021; and Authorizing the City Manager to Approve Intra-Departmental (Within the Same Department Only) Transfers of Budgeted Funds; and Amending the Budget for the 2019-2020 Fiscal Year in Accordance with Actual Expenditures; and Providing Other Details Relating to the Passage of This Ordinance

Background:
This item is for the second reading of Ordinance No. 2020-23, adopting the Budget for Fiscal Year 2020-2021, provided the Council has not given City Staff additional changes/modifications for incorporation into the Budget following the second public hearing.

Origination:
City Secretary

Recommendation:
Adopt Ordinance No. 2020-23 on Second Reading

Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Ordinance No. 2020-23
Final Proposed Budget for FY 2020-2021

ORDINANCE NO. 2020-23

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, ADOPTING THE BUDGET FOR THE CITY OF TOMBALL, TEXAS, FOR FISCAL YEAR 2020-2021; AND AUTHORIZING THE CITY MANAGER TO APPROVE INTRA-DEPARTMENTAL (WITHIN THE SAME DEPARTMENT ONLY) TRANSFERS OF BUDGETED FUNDS; AND AMENDING THE BUDGET FOR THE 2019-2020 FISCAL YEAR IN ACCORDANCE WITH ACTUAL EXPENDITURES; AND PROVIDING OTHER DETAILS RELATING TO THE PASSAGE OF THIS ORDINANCE

* * * * * * * * *

WHEREAS, the Budget of the City of Tomball for the Fiscal Year 2020-2021 was presented to the City Council of the City of Tomball on the 6th day of July 2020 and was filed with the City Secretary's Office on July 27, 2020 for the purpose of Public Display; and the City Council has reviewed and amended the proposed budget and changes as approved by the City Council have been identified and their effect included in the budget; and

WHEREAS, NOTICE OF PUBLIC HEARINGS for the Budget of the City of Tomball, Texas, for Fiscal Year 2020-2021 was published in the City's official newspaper advising citizens of the Public Hearings to be conducted on August 3, 2020 and August 17, 2020, and also advising that said Budget was available for their inspection prior to the Public Hearings; and

WHEREAS, at said Public Hearings all citizens of the City had the right to be present and to be heard, and those who requested to be heard were heard, and it being the opinion of the Mayor and City Council that said Budget should be adopted; and

WHEREAS, said Budget shall be in effect for the ensuing Fiscal Year, October 1, 2020, through September 30, 2021;

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

Section 1.0 Adoption of Budget. That from October 1, 2020, through September 30, 2021, the appropriations, as stated in the Budget as proposed expenditures, shall be and are hereby appropriated to the several objects and purposes named and designated in the Budget.

Section 2.0 Public Record. The City Secretary is hereby directed to place in the Budget an endorsement which shall read as follows: **"The Original Budget of the City of Tomball, Texas for the Fiscal Year 2020-2021."** Such Budget as endorsed shall be kept on file in the office of the City Secretary as a Public Record and a copy of said Budget is attached to this ordinance and made a part of this ordinance for all purposes.

Section 3.0 Intra-Departmental Transfers. In accordance with the responsibility of the City Manager established by Section 7.01 C. (2) of the City Charter to administer the annual budget, the City Manager is authorized, as circumstances reasonably require, to approve intra-departmental (within the same department only) transfers of budgeted funds. Further, the documentation for such transfers shall be maintained as a part of the City's financial records.

Section 4.0 Beginning Fund Balances. That the Beginning Fund Balance reflected in the budget for each operating and capital project fund for which a Budget is adopted hereby automatically shall be adjusted to be the amount of the Ending Fund Balance for Fiscal Year 2020 as fully adjusted to reflect the final Comprehensive Annual Financial Report for Fiscal Year 2020 when released, for each respective fund. The revised Beginning Fund Balance shall thereafter be used to calculate the Fiscal Year 2021 Ending Fund Balance.

Section 5.0 2019-2020 Budget Amended. That the City Council has reviewed the actual expenditures for the 2019-2020 Fiscal Year and compared them to the projections contained in the 2019-2020 Fiscal Year budget. The 2019-2020 Fiscal Year budget is hereby amended in accordance with the actual expenditures for the 2019-2020 Fiscal Year.

FIRST READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 17TH DAY OF AUGUST 2020.

COUNCILMAN FORD	AYE
COUNCILMAN STOLL	AYE
COUNCILMAN DEGGES	AYE
COUNCILMAN TOWNSEND	AYE
COUNCILMAN KLEIN QUINN	AYE

SECOND READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 8TH DAY OF SEPTEMBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

_____
GRETCHEN FAGAN
Mayor

ATTEST:

_____
DORIS SPEER
City Secretary

City of Tomball



FY 2020-2021
Proposed Budget

Fund Summaries

Consolidated Statement of Anticipated Receipts and Revenues and Expenditures and Changes in Fund Balance- All Funds
2020-2021 Proposed Budget

	Governmental			Proprietary	Internal Service					Consolidated
	General Fund	Special Revenue Funds	Debt Service	Enterprise Fund	Fleet Replacement Fund	Health Insurance Trust Fund	Water Captial Recovery	Sewer Capital Recovery	Capital Projects Fund	All Funds FY 2021
Funds	100	200-290/990	300	600	650	910	730	740	400/460	
Revenues:										
Property taxes	$ 2,345,000	-	$ 4,840,000	-	-	-	-	-	-	$ 7,185,000
Hotel Occupancy	-	575,000	-	-	-	-	-	-	-	575,000
Sales taxes	11,590,000	-	-	-	-	-	-	-	-	11,590,000
Franchise taxes	910,020	-	-	-	-	-	-	-	-	910,020
Permits and licenses	724,700	-	-	-	-	-	-	-	-	724,700
Fines and warrants	460,000	26,000	-	-	-	-	-	-	-	486,000
Service fees	2,480,177	-	-	11,325,000	-	-	-	-	-	13,805,177
Transfers In	2,668,418	-	-	-	224,760	2,889,477	-	-	716,012	6,498,667
Contributions/Grants	758,558	-	757,885	370,000	-	-	-	-	-	1,886,443
Interest	225,000	11,700	70,000	150,000	15,000	26,000	20,000	25,000	665,000	1,207,700
Other	97,675	159,000	-	157,350	-	164,000	400,000	360,000	-	1,338,025
Total Revenues	$ 22,259,548	$ 771,700	$ 5,667,885	$ 12,002,350	$ 239,760	$ 3,079,477	$ 420,000	$ 385,000	$ 1,381,012	$ 46,206,732
Expenditures:										
General Government	$ 4,154,604	-	-	-	-	$ 2,789,242	-	-	$ 10,159,198	$ 17,103,044
Transfers out	2,565,000	-	-	-	-	-	-	-	-	2,565,000
Public Safety	10,600,107	70,000	-	-	-	-	-	-	-	10,670,107
Public Works	4,539,372	-	-	-	-	-	-	-	-	4,539,372
Engineering and Planning	572,323	-	-	-	-	-	-	-	-	572,323
Parks and Recreation	1,145,183	21,000	-	-	-	-	-	-	-	1,166,183
Tourism & Arts	-	736,206	-	-	-	-	-	-	-	736,206
Utilities	-	-	-	12,189,792	-	-	-	-	63,950	12,253,742
Capital Projects/Outlay	-	-	-	-	792,450	-	-	-	-	792,450
Debt Service	-	-	3,779,290	238,262	-	-	-	-	-	4,017,552
Total Expenditures	$ 23,576,589	$ 827,206	$ 3,779,290	$ 12,428,054	$ 792,450	$ 2,789,242	$ -	$ -	$ 10,223,148	$ 54,415,979
Revenues Over (Under) Expenditures	$ (1,317,041)	$ (55,507)	$ 1,888,594	$ (425,704)	$ (552,690)	$ 290,235	$ 420,000	$ 385,001	$ (8,842,136)	$ (8,209,247)
Beginning Fund Balance	$ 15,027,643	$ 1,165,740	$ 3,228,482	$ 8,451,842	$ 1,993,991	$ 1,807,670	$ 1,981,884	$ 1,785,233	$ 27,525,051	$ 62,967,537
Ending Fund Balance	$ 13,710,602	$ 1,110,233	$ 5,117,076	$ 8,026,138	$ 1,441,301	$ 2,097,905	$ 2,401,884	$ 2,170,234	$ 18,682,915	$ 54,758,289

General Fund - 100
Statement of Revenues, Expenditures, and Changes in Fund Balance
2020-2021 Proposed Budget Worksheet

	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	Current FY 2020	FY 2020 Projections	FY 2021 Budget
Revenues:						
Contributions	$ 603,390	$ 494,171	$ 563,309	$ 392,876	$ 403,883	$ 758,558
Fines & Warrants	500,309	435,549	510,671	480,200	459,500	460,000
Franchise Taxes	1,307,171	1,270,927	1,300,076	1,295,000	910,020	910,020
Interest	95,325	194,429	282,745	225,000	225,000	225,000
Other Revenue	753,992	290,289	109,377	100,175	95,175	97,675
Permits & Licenses	464,344	532,615	580,396	575,200	830,700	724,700
Property Taxes	1,964,345	2,144,861	2,046,479	2,265,000	2,345,000	2,345,000
Sales Taxes	10,791,147	12,514,930	12,594,274	12,090,000	11,590,000	11,590,000
Services	2,236,863	2,793,800	2,944,373	3,225,808	2,480,567	2,480,177
Enterprise Transfers In	2,342,169	2,384,166	2,530,209	2,603,335	2,603,335	2,668,418
Total Revenues	**21,059,055**	**23,055,737**	**23,461,910**	**23,252,594**	**21,943,180**	**22,259,548**
Expenditures:						
Administrative	393,950	$ 440,324	$ 378,442	$ 399,832	$ 389,660	$ 402,043
Building Permits and Inspections	386,153	431,157	430,037	485,169	412,582	417,466
Mayor and Council	52,185	50,181	53,937	102,198	84,590	96,410
City Secretary	352,470	334,847	345,929	443,945	380,867	410,481
Human Resources	374,009	385,669	425,832	466,213	462,399	452,570
Finance	632,843	715,775	735,395	766,518	767,757	789,052
Information Systems	654,974	617,431	707,607	971,750	902,265	799,682
Legal	159,704	117,595	130,302	142,000	130,000	140,000
Non-Departmental*	513,547	454,552	1,143,516	760,800	800,223	758,900
Police	5,379,589	5,601,726	5,336,682	5,977,880	5,955,575	6,203,875
Municipal Court	347,067	357,447	414,407	426,322	415,342	434,415
Community Center	147,046	157,147	165,205	171,296	161,293	169,435
Fire	2,896,840	2,595,167	2,773,459	3,089,055	2,904,260	3,027,521
Emergency Management	18,381	19,570	30,894	19,250	25,502	14,275
ESD#15 Station 5	301,993	655,533	754,442	981,747	925,931	920,021
Public Works Administration	57,323	55,622	62,604	69,017	68,896	71,412
Garage	141,261	130,720	154,130	156,123	162,416	177,191
Parks	867,978	1,105,558	989,835	1,090,662	1,107,229	975,748
Streets	2,383,979	2,008,206	1,786,766	1,456,359	1,206,689	1,464,796
Sanitation	1,975,363	1,595,279	1,600,929	2,305,300	2,113,200	2,115,300
Engineering and Planning	486,670	562,308	532,564	592,614	554,052	572,323
Facilities Maintenance	636,940	745,872	796,353	622,274	622,002	710,673
Transfer Out to Hotel Occupancy *	20,000	20,000	100,000	126,000	126,000	126,000
Transfer Out to Health Insurance *	2,110,591	2,211,241	2,300,000	2,300,000	2,300,000	2,327,000
Total Expenditures	**21,290,856**	**$ 21,368,925**	**$ 22,149,268**	**$ 23,922,324**	**$ 22,978,730**	**$ 23,576,589**
Revenues Over/(Under) Expenditures	**(231,801)**	**$ 1,686,812**	**$ 1,312,642**	**$ (669,730)**	**$ (1,035,550)**	**$ (1,317,041)**
Beginning Fund Balance	**$ 13,292,789**	**$ 13,060,996**	**$ 14,750,551**	**$ 16,063,193**	**$ 16,063,193**	**$ 15,027,643**
Ending Fund Balance	**$ 13,060,996**	**$ 14,750,551**	**$ 16,063,193**	**$ 15,393,463**	**$ 15,027,643**	**$ 13,710,602**
25% of Operating Expenses - Target	61%	69%	73%	64%	65%	58%

CITY OF TOMBALL
GENERAL FUND REVENUES - 100

GENERAL FUND	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 PROJECTION	2021 BUDGET
5110 CURRENT TAXES	2,057,193	2,077,795	2,220,000	2,300,000	2,300,000
5120 DELINQUENT TAXES	55,317	(49,556)	30,000	30,000	30,000
5130 PENALTY,INTEREST,ATTY FEES	32,351	18,241	15,000	15,000	15,000
5140 SALES TAX	12,427,660	12,506,119	12,000,000	11,500,000	11,500,000
5141 ALCOHOLIC BEVERAGE TAX	73,760	71,190	75,000	75,000	75,000
5150 ELECTRICAL FRANCHISE TAX	700,345	709,538	735,000	425,000	425,000
5160 T.V. CABLE FRANCHISE TAX	157,065	87,781	140,000	80,000	80,000
5161 1% IN KIND/ PEG FEES	31,413	36,291	35,000	35,000	35,000
5170 COMMUNICATIONS ROW LINE FEE	213,074	267,655	225,000	250,000	250,000
5175 SANITATION FRANCHISE TAX	169,030	198,799	160,000	120,000	120,000
5190 BINGO TAX	-	10	-	20	20
5200 BUILDING PERMITS	261,428	240,597	275,000	325,000	276,000
5210 CONSTRUCTION PERMITS	55,641	124,635	75,000	250,000	213,000
5215 PLUMBING PERMIT	28,214	27,355	30,000	40,000	36,000
5220 MECHANICAL PERMITS	28,456	25,302	30,000	40,000	36,000
5230 ELECTRICAL PERMITS	37,907	41,059	40,000	50,000	45,000
5235 FIRE PERMIT FEES	64,320	64,549	65,000	70,000	63,000
5240 OTHER PERMITS	4,282	5,455	3,000	5,000	5,000
5245 MISCELLANEOUS PERMIT FEES	200	2,979	500	500	500
5250 MIXED BEVERAGE FEES	13,510	16,965	15,000	15,000	15,000
5255 LICENSE FEES	4,005	4,500	4,000	3,000	3,000
5260 AMBULANCE PERMITS	7,400	7,100	8,000	8,000	8,000
5300 MUNICIPAL COURT FINES	233,134	251,127	250,000	225,000	225,000
5310 COURT COSTS/ADMIN FEES	125,170	204,312	165,000	175,000	175,000
5320 COURT WARRANT FEES	52,130	34,358	40,000	40,000	40,000
5340 TIME PYMT.FEE-10% CITY JUDICL.	754	506	1,200	900	1,000
5341 TIME PAYMENT FEE-40% FOR CITY	3,016	2,038	4,000	3,600	4,000
5430 SANITATION FEES	1,844,191	1,652,997	1,900,000	1,250,000	1,250,000
5440 PLAT FEES	11,693	14,305	16,000	12,000	12,000
5441 REZONING APPLICATION FEE	8,468	3,867	8,500	5,000	5,000
5442 CONDITIONAL USE PERMIT	1,800	1,800	2,000	4,000	4,000
5443 PLANNED DEVELOPMENT	1,000	-	-	-	-
5444 SITE PLAN REVIEW	15,261	11,819	15,000	15,000	15,000
5445 PLAN REVIEW FEES- OTHER	200	1,040	200	200	200
5446 ZONING FEES- OTHER	2,340	4,035	3,000	3,000	3,000
5450 BIRTH AND DEATH CERTIFICATE FEES	57,844	57,968	60,000	50,000	50,000
5451 NOTARY FEES	88	151	75	75	75
5460 ALARM SYSTEM REGISTRATION FEES	24,475	19,650	25,000	17,000	17,000
5461 FALSE ALARM SERVICE FEE	21,345	18,330	20,000	15,000	15,000
5470 EMERGENCY SERVICE DISTRCT FEES	173,884	246,171	208,000	217,000	217,000
5472 ESD#15 S5 OPERATING COST REIMBURSEMENT	23,293	30,062	25,439	29,964	26,844
5474 ESD#15 STATION 5 PAYROLL REIMBURSEMENT	594,066	877,239	930,869	866,003	866,333
5480 LIFE SAFETY PLAN REVIEW	2,400	2,230	2,500	2,500	2,500
5481 STATE LICENSED FACILITIES	1,380	1,590	1,500	1,600	1,500
5482 ANNUAL FIRE INSPECTIONS	600	1,050	1,500	1,500	1,500
5500 SALE OF CITY PROPERTY	235,899	53,059	40,000	40,000	40,000
5505 RENT REVENUES	4	-	-	-	-
5510 COMMUNITY CENTER FEES	30,317	26,558	30,000	20,000	20,000

CITY OF TOMBALL
GENERAL FUND REVENUES - 100

GENERAL FUND	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 PROJECTION	2021 BUDGET
5515 CONGREGATE MEAL SERV. REVENUE	9,665	11,418	10,000	5,000	7,500
5520 PARK RENTAL FEE	10,710	9,000	11,000	5,000	7,500
5550 MISCELLANEOUS INCOME	44,573	44,749	50,000	50,000	50,000
5560 RETURNED CHECK FINES	60	-	100	100	100
5690 SANITATION PENALTY	30,640	19,859	30,000	20,000	20,000
5730 SCHOOL RESOURCE OFFICERS (SRO)	465,175	369,322	366,876	377,883	620,558
5740 OTHER GRANTS	3,996	168,987	1,000	1,000	113,000
5770 TEDC CONTRIBUTIONS	25,000	25,000	25,000	25,000	25,000
5800 INTEREST INCOME	203,902	278,243	225,000	225,000	225,000
5801 UNREALIZED GAIN ON INVESTMENTS	(9,473)	4,502	-	-	-
5961 ENTERPRISE TRANSFERS IN	2,384,166	2,530,209	2,603,335	2,603,335	2,668,418
TOTAL GENERAL FUND REVENUES	**$ 23,055,737**	**$ 23,461,910**	**$ 23,252,594**	**$ 21,943,180**	**$ 22,259,548**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	ADMINISTRATIVE	100-111 ADMINISTRATIVE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$261,534	$259,395	$248,450	$259,904	$247,786
6009 WAGES-OTHER	$12,994	$13,992	$13,233	$8,733	$13,497
6011 VACATION PAY	$25,680	$9,964	$14,006	$14,984	$19,910
6012 SICK PAY	$37,496	$4,278	$11,028	$5,514	$11,248
6015 SICK TIME BUYBACK	$0	$0	$4,411	$4,411	$4,499
6019 MISCELLANEOUS PAY	$1,025	$875	$995	$995	$1,115
6021 FICA-MED/SS	$21,621	$21,163	$24,024	$21,838	$24,312
6022 TMRS-EMPLOYER	$47,079	$41,557	$42,985	$43,001	$43,126
6025 WORKER COMPENSATION INS.	$212	$176	$200	$180	$200
PERSONNEL SERVICES	**$407,641**	**$351,401**	**$359,332**	**$359,560**	**$365,693**
6101 OFFICE AND COMPUTER SUPPLIES	$3,208	$832	$1,500	$500	$1,200
6102 EDUCATIONAL SUPPLIES	$286	$51	$0	$200	$500
6105 FOOD SUPPLIES	$368	$139	$1,000	$500	$1,000
6107 CLOTHING AND UNIFORMS	$0	$255	$400	$400	$400
6108 FUEL, OIL, AND LUBRICANTS	$0	$11	$0	$0	$0
6119 OTHER SUPPLIES	$0	$129	$1,000	$1,000	$1,000
SUPPLIES	**$3,862**	**$1,418**	**$2,900**	**$2,600**	**$4,100**
6205 VEHICLE MAINTENANCE	$0	$255	$0	$0	$0
REPAIRS AND MAINTENANCE	**$0**	**$255**	**$0**	**$0**	**$0**
6304 PROFESSIONAL SERVICES, OTHER	$0	$295	$0	$0	$0
6312 COMMUNICATION SERVICES	$2,020	$2,375	$1,800	$2,700	$2,700
6329 OTHER SERVICES	$38	$325	$1,000	$500	$1,000
6332 TRAVEL AND MEALS	$3,831	$2,005	$8,000	$1,500	$4,000
6333 DUES AND SUBSCRIPTIONS	$3,545	$3,782	$5,000	$4,000	$4,000
6334 AUTOMOBILE ALLOWANCES	$14,940	$16,912	$16,800	$16,800	$16,800
6337 TRAINING	$4,447	($325)	$5,000	$2,000	$3,750
SERVICES AND CHARGES	**$28,821**	**$25,369**	**$37,600**	**$27,500**	**$32,250**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL GENERAL-ADMINISTRATIVE	**$440,324**	**$378,442**	**$399,832**	**$389,660**	**$402,043**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	PERMITS/INSPCTNS.	100-112 PERMITS/INSPCTNS.

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$74,236	$127,275	$123,453	$128,796	$125,812
6003 WAGES-FULL TIME	$188,305	$156,440	$168,694	$137,266	$130,656
6005 WAGES-OVERTIME	$2,937	$1,916	$3,863	$3,500	$2,805
6009 WAGES-OTHER	$14,104	$14,858	$15,290	$8,508	$13,449
6011 VACATION PAY	$13,821	$13,090	$18,517	$12,947	$15,173
6012 SICK PAY	$4,260	$13,255	$12,742	$8,789	$11,208
6013 EMERGENCY PAY	$828	$337	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$3,667	$2,153	$1,221
6019 MISCELLANEOUS PAY	$1,530	$1,955	$2,315	$2,030	$1,825
6021 FICA-MED/SS	$20,274	$23,086	$26,935	$22,484	$23,385
6022 TMRS-EMPLOYER	$39,349	$45,271	$48,193	$42,261	$41,482
6025 WORKER COMPENSATION INS.	$914	$1,000	$1,100	$1,048	$1,000
PERSONNEL SERVICES	**$360,558**	**$398,482**	**$424,769**	**$369,782**	**$368,016**
6101 OFFICE AND COMPUTER SUPPLIES	$2,776	$2,861	$3,000	$4,000	$2,400
6102 EDUCATIONAL SUPPLIES	$512	$356	$1,500	$1,500	$1,000
6105 FOOD SUPPLIES	$28	$19	$0	$0	$0
6107 CLOTHING AND UNIFORMS	$2,404	$2,088	$4,000	$3,000	$3,000
6108 FUEL, OIL AND LUBRICANTS	$7,638	$7,199	$7,500	$7,500	$7,500
6119 OTHER SUPPLIES	$4	$38	$0	$0	$0
SUPPLIES	**$13,363**	**$12,561**	**$16,000**	**$16,000**	**$13,900**
6205 VEHICLE MAINTENANCE	$11,090	$1,980	$5,000	$5,000	$5,000
REPAIRS AND MAINTENANCE	**$11,090**	**$1,980**	**$5,000**	**$5,000**	**$5,000**
6304 PROFESSIONAL SERVICES, OTHER	$775	$305	$10,000	$6,000	$10,000
6312 COMMUNICATION SERVICES	$5,300	$4,674	$5,100	$4,500	$4,500
6329 OTHER SERVICES	$0	($323)	$0	$0	$0
6332 TRAVEL AND MEALS	$3,545	$5,070	$11,000	$4,500	$5,500
6333 DUES AND SUBSCRIPTIONS	$398	$912	$1,500	$1,500	$1,500
6337 TRAINING	$6,074	$6,320	$11,000	$4,500	$8,250
6362 PERMITS AND LICENSES	$55	$55	$800	$800	$800
SERVICES AND CHARGES	**$16,147**	**$17,013**	**$39,400**	**$21,800**	**$30,550**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
6998 TRANSFER TO FLEET REPLACEMENT	$30,000	$0	$0	$0	$0
TRANSFERS	**$30,000**	**$0**	**$0**	**$0**	**$0**
TOTAL GENERAL-PERMITS/INSPCTNS.	**$431,157**	**$430,037**	**$485,169**	**$412,582**	**$417,466**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	MAYOR AND COUNCIL	100-113 MAYOR AND COUNCIL

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6004 WAGES- PART TIME	$27,146	$23,904	$30,600	$27,268	$30,600
6021 FICA- MED/ SS	$2,027	$1,823	$2,341	$2,086	$2,341
6025 WORKER COMPENSATION INS.	$37	$35	$57	$36	$39
PERSONNEL SERVICES	**$29,210**	**$25,763**	**$32,998**	**$29,390**	**$32,980**
6101 OFFICE AND COMPUTER SUPPLIES	$104	$65	$100	$100	$80
6105 FOOD SUPPLIES	$1,147	$2,071	$2,000	$2,000	$2,000
6119 OTHER SUPPLIES	$6,098	$9,989	$12,000	$12,000	$12,000
SUPPLIES	**$7,349**	**$12,125**	**$14,100**	**$14,100**	**$14,080**
6304 PROFESSIONAL SERVICES- OTHER	$0	$0	$20,000	$20,000	$20,000
6329 OTHER SERVICES	$22	$0	$100	$100	$100
6332 TRAVEL AND MEALS	$20	$0	$10,000	$5,000	$5,000
6333 DUES AND SUBSCRIPTIONS	$3,512	$4,331	$7,000	$7,000	$7,000
6337 TRAINING	$0	$0	$3,000	$1,000	$2,250
6398 BANQUETS, DEDICATION, RECEP	$10,068	$11,717	$15,000	$8,000	$15,000
SERVICES AND CHARGES	**$13,622**	**$16,048**	**$55,100**	**$41,100**	**$49,350**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL MAYOR AND COUNCIL	**$50,181**	**$53,937**	**$102,198**	**$84,590**	**$96,410**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	CITY SECRETARY	100-114 CITY SECRETARY

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$93,743	$134,465	$139,329	$151,695	$142,059
6003 WAGES-FULL TIME	$101,281	$64,590	$67,805	$67,975	$72,187
6005 WAGES-OVERTIME	$4,057	$1,078	$4,120	$3,000	$4,080
6009 WAGES-OTHER	$10,170	$10,523	$11,242	$7,817	$11,585
6011 VACATION PAY	$13,470	$17,018	$17,371	$12,666	$17,052
6012 SICK PAY	$5,351	$6,891	$9,368	$7,587	$9,654
6013 EMERGENCY PAY	$0	$834	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$2,232	$2,231	$3,228
6019 MISCELLANEOUS PAY	$2,175	$2,455	$2,695	$2,695	$2,460
6021 FICA-S.S. AND MEDICARE TAXES	$16,064	$17,581	$19,749	$19,323	$20,342
6022 TMRS-EMPLOYER	$30,237	$32,969	$35,334	$35,517	$36,084
6025 WORKER COMPENSATION INS.	$424	$352	$400	$361	$400
PERSONNEL SERVICES	**$276,972**	**$288,755**	**$309,645**	**$310,867**	**$319,131**
6101 OFFICE AND COMPUTER SUPPLIES	$10,979	$17,767	$15,000	$12,000	$12,000
6102 EDUCATIONAL SUPPLIES	$313	$730	$1,200	$1,000	$1,000
6104 JANITORIAL AND CLEANING SUPPLY	$367	$398	$600	$500	$500
6105 FOOD SUPPLIES	$755	$938	$1,200	$1,200	$1,200
6109 POSTAGE	$401	$135	$1,400	$1,000	$1,000
6119 OTHER SUPPLIES	$147	$110	$600	$600	$600
SUPPLIES	**$12,963**	**$20,077**	**$20,000**	**$16,300**	**$16,300**
6201 OFFICE EQUIPMENT MAINT.	$0	$0	$400	$200	$200
REPAIRS AND MAINTENANCE	**$0**	**$0**	**$400**	**$200**	**$200**
6304 PROF.SERV.-OTHER	$9,108	$1,660	$15,000	$15,000	$15,000
6312 COMMUNICATION SERVICES	$768	$772	$900	$900	$900
6316 PRINTING AND BINDING	$26	$25	$100	$100	$75
6329 OTHER SERVICES	$1,906	$921	$1,200	$0	$0
6332 TRAVEL AND MEALS	$6,684	$6,463	$11,000	$9,000	$5,500
6333 DUES AND SUBSCRIPTIONS	$2,002	$2,142	$4,200	$3,500	$3,500
6335 ADVERTISING COST	$19,218	$15,583	$25,000	$20,000	$20,000
6337 TRAINING	$3,418	$5,225	$6,500	$3,000	$4,875
6371 ELECTION SERVICES	$1,780	$4,187	$50,000	$2,000	$25,000
6398 BANQUETS, DEDICATION, RECEPTIONS	$0	$119	$0	$0	$0
SERVICES AND CHARGES	**$44,911**	**$37,097**	**$113,900**	**$53,500**	**$74,850**
TOTAL CITY SECRETARY	**$334,847**	**$345,929**	**$443,945**	**$380,867**	**$410,481**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	HUMAN RESOURCES	100-115 HUMAN RESOURCES

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$110,235	$108,532	$106,719	$112,133	$108,850
6003 WAGES-FULL TIME	$89,169	$100,305	$99,966	$106,786	$101,925
6004 WAGES-PART TIME	$24,150	$27,582	$32,960	$32,960	$32,640
6005 WAGES-OVERTIME	$3,353	$1,614	$6,180	$5,000	$6,120
6009 WAGES-OTHER	$10,882	$11,150	$11,187	$8,002	$11,411
6011 VACATION PAY	$10,857	$12,338	$16,432	$13,556	$16,760
6012 SICK PAY	$6,665	$3,374	$9,323	$4,869	$9,509
6013 EMERGENCY PAY	$194	$228	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$3,729	$3,729	$3,804
6019 MISCELLANEOUS PAY	$1,400	$1,580	$1,760	$1,760	$1,940
6021 FICA-S.S. AND MEDICARE TAXES	$17,282	$19,160	$22,178	$21,369	$22,578
6022 TMRS-EMPLOYER	$30,501	$32,720	$35,029	$35,314	$35,483
6025 WORKER COMPENSATION INS.	$318	$264	$300	$271	$300
6026 STATE UNEMPLOYMENT TAXES	$0	$0	$10,000	$10,000	$10,000
PERSONNEL SERVICES	**$305,006**	**$318,847**	**$355,763**	**$355,749**	**$361,320**
6101 OFFICE AND COMPUTER SUPPLIES	$3,741	$6,044	$6,000	$5,000	$4,800
6102 EDUCATIONAL SUPPLIES	$1,615	$1,360	$1,500	$750	$750
6105 FOOD SUPPLIES	$1,571	$3,463	$3,000	$3,500	$3,000
6107 CLOTHING AND UNIFORMS	$0	$0	$300	$300	$300
6109 POSTAGE	$136	$40	$150	$100	$100
6119 OTHER SUPPLIES	$9,754	$6,396	$8,000	$10,600	$6,000
SUPPLIES	**$16,817**	**$17,303**	**$18,950**	**$20,250**	**$14,950**
6205 VEHICLE MAINTENANCE	$233	$0	$0	$0	$0
REPAIRS AND MAINTENANCE	**$233**	**$0**	**$0**	**$0**	**$0**
6304 PROF.SERV.-OTHER	$5,000	$15,000	$6,000	$6,000	$6,000
6312 COMMUNICATION SERVICES	$768	$774	$900	$900	$900
6329 OTHER SERVICES	$34,146	$31,613	$40,000	$35,000	$35,000
6332 TRAVEL AND MEALS	$1,260	$6,359	$5,800	$4,000	$2,900
6333 DUES AND SUBSCRIPTIONS	$1,224	$689	$1,800	$1,500	$1,500
6335 ADVERTISING COST	$969	$28	$2,000	$3,000	$2,000
6337 TRAINING	$10,064	$24,064	$24,000	$24,000	$18,000
6398 BANQUETS, DEDICATION, RECEP	$10,184	$11,154	$11,000	$12,000	$10,000
SERVICES AND CHARGES	**$63,615**	**$89,682**	**$91,500**	**$86,400**	**$76,300**
TOTAL HUMAN RESOURCES	**$385,669**	**$425,832**	**$466,213**	**$462,399**	**$452,570**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	FINANCE	100-116 FINANCE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$224,735	$247,226	$256,111	$271,715	$261,819
6003 WAGES-FULL TIME	$62,332	$66,417	$73,345	$70,677	$72,819
6004 WAGES-PART TIME	$6,358	$960	$0	$0	$0
6005 WAGES-OVERTIME	$1,950	$1,551	$1,545	$1,545	$1,530
6009 WAGES-OTHER	$13,552	$18,810	$17,537	$10,459	$17,783
6011 VACATION PAY	$18,389	$16,643	$19,295	$16,823	$19,593
6012 SICK PAY	$19,867	$8,088	$14,614	$9,310	$14,819
6015 SICK TIME BUYBACK	$0	$0	$2,947	$3,564	$5,280
6019 MISCELLANEOUS PAY	$1,710	$1,435	$1,830	$1,745	$2,105
6021 FICA-S.S. AND MEDICARE TAXES	$25,105	$27,363	$30,006	$29,462	$30,605
6022 TMRS-EMPLOYER	$45,340	$49,983	$53,688	$53,416	$54,289
6025 WORKER COMPENSATION INS.	$583	$525	$600	$541	$600
PERSONNEL SERVICES	**$419,921**	**$439,001**	**$471,518**	**$469,257**	**$481,242**
6101 OFFICE AND COMPUTER SUPPLIES	$4,119	$2,652	$4,000	$4,000	$3,200
6102 EDUCATIONAL SUPPLIES	$0	$220	$500	$500	$500
6105 FOOD SUPPLIES	$289	$86	$100	$350	$350
6107 CLOTHING AND UNIFORMS	$487	$416	$600	$650	$650
6108 FUEL, OIL AND LUBRICANTS	$20	$0	$0	$150	$150
6109 POSTAGE	$67	$65	$100	$150	$150
6119 OTHER SUPPLIES	$906	$54	$200	$200	$200
SUPPLIES	**$5,888**	**$3,493**	**$5,500**	**$6,000**	**$5,200**
6204 OTHER EQUIPMENT MAINTENANCE	$795	$360	$500	$500	$500
REPAIRS AND MAINTENANCE	**$795**	**$360**	**$500**	**$500**	**$500**
6301 PROF.SERV.-AUDIT AND ACCTNG.	$72,340	$69,380	$70,000	$70,000	$70,000
6304 PROF.SERV.-OTHER	$10,330	$16,473	$15,000	$15,000	$15,000
6312 COMMUNICATION SERVICES	$1,719	$1,750	$2,000	$2,000	$2,000
6316 PRINTING AND BINDING	$968	$956	$1,000	$1,000	$1,000
6317 APPRAISAL SERVICES	$46,496	$47,532	$46,500	$50,000	$50,000
6320 COMPUTER SOFTWARE SERVICE	$0	$0	$0	$0	$8,360
6332 TRAVEL AND MEALS	$6,394	$5,592	$7,000	$3,500	$3,500
6333 DUES AND SUBSCRIPTIONS	$2,587	$3,510	$2,500	$2,500	$2,500
6335 ADVERTISING COST	$7,957	$4,843	$3,000	$3,000	$3,000
6337 TRAINING	$3,562	$3,856	$5,000	$2,000	$3,750
6397 CREDIT CARD PROCESSING FEE	$118,380	$121,879	$115,000	$125,000	$125,000
6399 SERVICE CHARGES	$18,434	$16,770	$22,000	$18,000	$18,000
SERVICES AND CHARGES	**$289,170**	**$292,541**	**$289,000**	**$292,000**	**$302,110**
TOTAL FINANCE	**$715,775**	**$735,395**	**$766,518**	**$767,757**	**$789,052**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	INFORMATION SYSTEMS	100-117 INFORMATION

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES- ADMINISTRATIVE	$194,361	$183,048	$145,592	$156,513	$147,191
6003 WAGES- FULL TIME	$0	$20,494	$54,225	$56,540	$53,811
6005 WAGES-OVERTIME	$0	$296	$2,575	$2,000	$2,550
6009 WAGES- OTHER	$10,065	$10,660	$10,686	$6,227	$10,885
6011 VACATION PAY	$15,204	$12,440	$13,357	$10,883	$16,104
6012 SICK PAY	$3,525	$3,633	$8,905	$4,446	$9,071
6015 SICK TIME BUYBACK	$0	$0	$3,562	$3,557	$3,628
6019 MISCELLANEOUS PAY	$1,615	$1,795	$1,975	$1,975	$2,155
6021 FICA-S.S. AND MEDICARE TAXES	$17,177	$18,541	$19,533	$19,396	$19,881
6022 TMRS-EMPLOYER	$31,224	$33,762	$34,950	$35,063	$35,266
6025 WORKER COMPENSATION INS.	$1,070	$931	$990	$965	$990
PERSONNEL SERVICES	**$274,241**	**$285,600**	**$296,350**	**$297,565**	**$301,532**
6101 OFFICE AND COMPUTER SUPPLIES	$45,408	$50,913	$40,000	$40,000	$32,000
6103 COMPUTER EQUIPMENT <$20,000	$0	$0	$107,500	$80,000	$0
6107 CLOTHING AND UNIFORMS	$0	$103	$500	$500	$500
6109 POSTAGE	$159	$0	$100	$100	$100
6119 OTHER SUPPLIES	$0	$64	$0	$0	$0
SUPPLIES	**$45,567**	**$51,081**	**$148,100**	**$120,600**	**$32,600**
6201 OFFICE EQUIPMENT MAINTENANCE	$1,249	$8,660	$7,500	$4,000	$25,000
6202 COMPUTER EQUIPMENT MAINT	$0	$0	$1,200	$1,000	$1,200
REPAIRS AND MAINTENANCE	**$1,249**	**$8,660**	**$8,700**	**$5,000**	**$26,200**
6304 PROF.SERV.-OTHER	$12,013	$10,415	$40,000	$24,000	$40,000
6312 COMMUNICATION SERVICES	$72,200	$78,091	$90,000	$80,000	$90,000
6320 COMPUTER SOFTWARE SERV.	$199,933	$337,295	$372,000	$362,000	$295,000
6329 OTHER SERVICES	$0	$62	$0	$0	$0
6332 TRAVEL AND MEALS	$1,194	$87	$3,000	$1,500	$1,500
6333 DUES AND SUBSCRIPTIONS	$1,039	$400	$1,000	$1,000	$1,000
6334 AUTOMOBILE ALLOWANCES	$9,600	$9,650	$9,600	$9,600	$9,600
6337 TRAINING	$395	$1,267	$3,000	$1,000	$2,250
SERVICES AND CHARGES	**$296,374**	**$437,267**	**$518,600**	**$479,100**	**$439,350**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
6999 TRANSFER TO CAPITAL PROJ. FUND	$0	($75,000)	$0	$0	$0
TRANSFERS	**$0**	**($75,000)**	**$0**	**$0**	**$0**
TOTAL INFORMATION SYSTEMS	**$617,431**	**$707,607**	**$971,750**	**$902,265**	**$799,682**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	LEGAL	100-118 LEGAL

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6102 EDUCATIONAL SUPPLIES	$210	$0	$0	$0	$0
SUPPLIES	**$210**	**$0**	**$0**	**$0**	**$0**
6303 PROF.SERV.-LEGAL	$117,385	$130,302	$142,000	$130,000	$140,000
SERVICES AND CHARGES	**$117,385**	**$130,302**	**$142,000**	**$130,000**	**$140,000**
TOTAL LEGAL	**$117,595**	**$130,302**	**$142,000**	**$130,000**	**$140,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	NON-DEPARTMENTAL	100-119 NON-DEPARTMENTAL

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6101 OFFICE AND COMPUTER SUPPLIES	$4,148	$3,055	$4,500	$6,000	$3,600
6105 FOOD SUPPLIES	$0	$43	$0	$0	$0
6108 FUEL, OIL AND LUBRICANTS	$43	$0	$0	$0	$0
6109 POSTAGE	$9,750	$9,022	$9,000	$9,000	$9,000
6119 OTHER SUPPLIES	$0	$0	$0	$4,000	$0
SUPPLIES	**$13,942**	**$12,077**	**$13,500**	**$19,000**	**$12,600**
6304 PROF. SERVICES - OTHER	$0	$0	$0	$0	$15,000
6329 OTHER SERVICES	$22,206	$36,368	$25,000	$46,000	$25,000
6330 INSURANCE	$236,069	$317,058	$325,000	$375,000	$350,000
6336 EQUIPMENT RENTALS	$35,354	$30,174	$32,000	$32,000	$32,000
6339 PRIOR YEAR DELINQUENT TAXES	$0	$0	$30,000	$15,000	$30,000
6340 SPECIAL EVENTS	$0	$45,643	$47,300	$47,300	$47,300
6346 ECONOMIC DEVELOPMENT AGREEMENT	$146,968	$156,937	$180,000	$150,418	$150,000
6399 SERVICE CHARGES	$13	$0	$0	$0	$0
SERVICES AND CHARGES	**$440,610**	**$586,179**	**$639,300**	**$665,718**	**$634,300**
6406 LAND AND BUILDINGS	$0	$266,624	$0	$0	$0
CAPITAL OUTLAY	**$0**	**$266,624**	**$0**	**$0**	**$0**
6691 TRANSFER OUT	$20,000	$100,000	$126,000	$126,000	$126,000
6692 TRANSFER TO EMP. BEN. TRUST	$2,211,241	$2,300,000	$2,300,000	$2,300,000	$2,327,000
6998 TRANSFER TO FLEET REPLACEMENT	$0	$278,636	$108,000	$115,505	$112,000
TRANSFERS	**$2,231,241**	**$2,678,636**	**$2,534,000**	**$2,541,505**	**$2,565,000**
TOTAL NON-DEPARTMENTAL	**$2,685,792**	**$3,543,516**	**$3,186,800**	**$3,226,223**	**$3,211,900**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	POLICE DEPARTMENT	100-121 -POLICE DEPARTMENT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$424,920	$274,534	$277,993	$273,258	$277,783
6003 WAGES-FULL TIME	$2,511,573	$2,584,865	$3,092,504	$3,109,003	$3,237,222
6004 WAGES-PART TIME	$32,381	$35,508	$64,936	$73,242	$66,226
6005 WAGES-OVERTIME	$452,472	$503,205	$412,144	$482,500	$429,112
6009 WAGES-OTHER	$165,981	$173,163	$177,196	$117,139	$184,779
6011 VACATION PAY	$196,295	$186,370	$216,375	$178,097	$220,153
6012 SICK PAY	$158,791	$109,649	$147,663	$160,020	$153,982
6013 EMERGENCY PAY	$3,670	$3,886	$0	$928	$0
6015 SICK TIME BUYBACK	$0	$0	$26,028	$16,553	$21,237
6019 MISCELLANEOUS PAY	$30,175	$25,830	$26,645	$26,315	$26,020
6021 FICA-MED/SS	$281,336	$287,140	$341,619	$333,422	$354,799
6022 TMRS-EMPLOYER	$519,392	$529,530	$602,342	$600,495	$620,376
6025 WORKER COMPENSATION INS.	$59,424	$56,466	$56,135	$56,277	$59,736
PERSONNEL SERVICES	**$4,836,410**	**$4,770,146**	**$5,441,580**	**$5,427,249**	**$5,651,425**
6101 OFFICE AND COMPUTER SUPPLIES	$19,066	$12,272	$15,000	$12,000	$12,000
6102 EDUCATIONAL SUPPLIES	$408	$117	$1,500	$500	$1,500
6104 JANITORIAL SUPPLIES	$310	$683	$500	$1,000	$650
6105 FOOD SUPPLIES	$6,488	$10,184	$6,500	$6,500	$6,500
6106 MATERIALS AND PARTS	$57,103	$63,393	$60,000	$60,000	$95,000
6107 CLOTHING AND UNIFORMS	$44,690	$48,371	$40,000	$50,000	$40,000
6108 FUEL, OIL AND LUBRICANTS	$98,008	$83,837	$90,000	$75,000	$90,000
6109 POSTAGE	$519	$315	$2,000	$500	$1,000
6119 OTHER SUPPLIES	$861	$1,351	$0	$0	$0
SUPPLIES	**$227,452**	**$220,523**	**$215,500**	**$205,500**	**$246,650**
6201 OFFICE EQUIPMENT MAINTENANCE	$870	$0	$1,500	$1,000	$1,500
6203 RADIO EQUIPMENT MAINTENANCE	$2,406	$0	$0	$0	$0
6204 OTHER EQUIPMENT MAINTENANCE	$17,595	$9,392	$10,000	$15,000	$10,000
6205 VEHICLE MAINTENANCE	$115,724	$96,097	$75,000	$65,000	$75,000
6206 BUILDING MAINTENANCE	$18,185	$14,595	$0	$0	$6,000
REPAIRS AND MAINTENANCE	**$154,778**	**$120,084**	**$86,500**	**$81,000**	**$92,500**
6304 PROFESSIONAL SERVICES,OTHER	$22,883	$20,206	$14,000	$19,000	$15,000
6312 COMMUNICATION SERVICES	$89,051	$78,667	$60,000	$80,000	$70,000
6316 PRINTING AND BINDING	$426	$0	$0	$0	$0
6318 ANIMAL CONTROL-HARRIS COUNTY	$26,000	$24,000	$24,000	$24,000	$24,000
6320 SOFTWARE SERVICE	$845	$4,983	$25,400	$27,526	$0
6324 JAIL SERVICE EXPENSE	$5,940	$2,024	$10,000	$5,000	$10,000
6325 BUY MONEY	$2,000	$2,500	$5,000	$2,000	$2,000
6328 BIKE PATROL	$0	$2,880	$3,000	$500	$1,000
6329 OTHER SERVICES	$3,659	$2,862	$2,500	$3,400	$3,400

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	POLICE DEPARTMENT	100-121 -POLICE DEPARTMENT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6332 TRAVEL AND MEALS	$44,778	$38,299	$20,000	$15,000	$12,500
6333 DUES AND SUBSCRIPTIONS	$4,320	$5,437	$5,000	$5,000	$5,000
6336 EQUIPMENT RENTALS	$492	$369	$400	$400	$400
6337 TRAINING	$41,888	$40,607	$40,000	$35,000	$30,000
SERVICES AND CHARGES	**$242,280**	**$222,833**	**$209,300**	**$216,826**	**$173,300**
6402 COMPUTER EQUIPMENT	$1,305	$0	$0	$0	$0
6404 RADIO EQUIPMENT	$0	$0	$25,000	$25,000	$40,000
6405 VEHICLE EQUIPMENT	$0	$3,096	$0	$0	$0
CAPITAL OUTLAY	**$1,305**	**$3,096**	**$25,000**	**$25,000**	**$40,000**
6998 TRANSFER TO FLEET REPLACEMENT	$139,500	$0	$0	$0	$0
TRANSFERS	**$139,500**	**$0**	**$0**	**$0**	**$0**
TOTAL-POLICE DEPARTMENT	**$5,601,726**	**$5,336,682**	**$5,977,880**	**$5,955,575**	**$6,203,875**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	MUNICIPAL COURT	100-122 - MUNICIPAL COURT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$58,643	$69,284	$70,801	$73,618	$70,586
6003 WAGES-FULL TIME	$115,220	$126,621	$136,738	$143,111	$141,699
6004 WAGES-PART TIME	$36,826	$38,269	$41,873	$35,640	$42,708
6005 WAGES-OVERTIME	$4,786	$5,429	$8,240	$5,000	$8,160
6009 WAGES-OTHER	$9,115	$11,086	$10,842	$7,718	$11,179
6011 VACATION PAY	$9,035	$12,305	$10,588	$10,701	$12,483
6012 SICK PAY	$2,765	$18,440	$9,035	$6,534	$9,315
6013 EMERGENCY PAY	$63	$415	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$0	$0	$1,948
6019 MISCELLANEOUS PAY	$2,115	$2,220	$840	$840	$1,235
6021 FICA-MED/SS	$17,801	$21,188	$22,206	$21,499	$23,005
6022 TMRS-EMPLOYER	$27,681	$33,760	$34,000	$34,082	$35,013
6025 WORKER COMPENSATION INS.	$535	$484	$559	$499	$559
PERSONNEL SERVICES	**$284,584**	**$339,501**	**$345,722**	**$339,242**	**$357,890**
6101 OFFICE AND COMPUTER SUPPLIES	$3,268	$4,179	$3,500	$3,500	$2,800
6102 EDUCATIONAL SUPPLIES	$461	$377	$400	$400	$400
6107 CLOTHING AND UNIFORMS	$480	$456	$500	$500	$500
SUPPLIES	**$4,209**	**$5,012**	**$4,400**	**$4,400**	**$3,700**
6201 OFFICE EQUIPMENT MAINTENANCE	$0	$300	$0	$0	$0
REPAIRS AND MAINTENANCE	**$0**	**$300**	**$0**	**$0**	**$0**
6303 PROFESSIONAL SERVICES,LEGAL	$59,720	$57,300	$60,000	$60,000	$60,000
6312 COMMUNICATION SERVICES	$320	$774	$900	$900	$900
6316 PRINTING AND BINDING	$785	$838	$2,000	$2,000	$2,500
6329 OTHER SERVICES	$181	$72	$1,500	$1,000	$1,500
6332 TRAVEL AND MEALS	$3,271	$3,701	$5,000	$3,500	$2,500
6333 DUES AND SUBSCRIPTIONS	$1,270	$2,049	$1,300	$1,300	$1,300
6337 TRAINING	$3,107	$4,860	$5,500	$3,000	$4,125
SERVICES AND CHARGES	**$68,654**	**$69,594**	**$76,200**	**$71,700**	**$72,825**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL-MUNICIPAL COURT	**$357,447**	**$414,407**	**$426,322**	**$415,342**	**$434,415**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	COMMUNITY CENTER	100-131 - COMMUNITY CTR

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$48,020	$47,048	$46,710	$50,112	$47,639
6003 WAGES-FULL TIME	$29,848	$29,992	$29,721	$30,985	$30,326
6004 WAGES-PART TIME	$17,407	$18,121	$27,005	$26,332	$27,644
6005 WAGES-OVERTIME	$1,192	$2,067	$2,060	$2,060	$2,040
6009 WAGES-OTHER	$3,683	$3,952	$4,078	$2,667	$4,160
6011 VACATION PAY	$4,086	$6,458	$5,749	$3,473	$4,535
6012 SICK PAY	$3,549	$10,386	$3,398	$1,874	$3,466
6013 EMERGENCY PAY	$202	$0	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$838	$838	$855
6019 MISCELLANEOUS PAY	$1,100	$1,220	$435	$435	$605
6021 FICA-MED/SS	$7,483	$8,757	$9,267	$8,999	$9,361
6022 TMRS-EMPLOYER	$11,918	$13,928	$12,885	$12,797	$12,854
6025 WORKER COMPENSATION INS.	$318	$264	$300	$271	$300
PERSONNEL SERVICES	**$128,806**	**$142,193**	**$142,446**	**$140,843**	**$143,785**
6101 OFFICE AND COMPUTER SUPPLIES	$699	$1,123	$1,000	$850	$800
6104 JANITORIAL SUPPLIES	$190	$246	$500	$500	$750
6105 FOOD SUPPLIES	$7,092	$9,221	$8,000	$7,000	$8,000
6108 FUEL,OIL AND LUBRICANTS	$147	$9	$0	$0	$0
6119 OTHER SUPPLIES	$8,709	$3,242	$8,000	$5,000	$8,000
6130 FURNITURE <$20,000	$525	$2,778	$1,500	$500	$1,000
SUPPLIES	**$17,362**	**$16,619**	**$19,000**	**$13,850**	**$18,550**
6204 OTHER EQUIPMENT MAINTENANCE	$0	$0	$400	$400	$400
6205 VEHICLE MAINTENANCE	$126	$67	$0	$0	$0
6206 BUILDING MAINTENANCE	$4,800	$0	$0	$0	$0
REPAIRS AND MAINTENANCE	**$4,926**	**$67**	**$400**	**$400**	**$400**
6329 OTHER SERVICES	$990	$683	$1,750	$1,000	$1,000
6332 TRAVEL AND MEALS	$2,036	$2,157	$4,000	$1,500	$2,000
6333 DUES AND SUBSCRIPTIONS	$0	$125	$0	$0	$0
6335 ADVERTISING COST	$2,890	$3,166	$3,500	$3,500	$3,500
6337 TRAINING	$0	$100	$0	$0	$0
6362 PERMITS AND LICENSES	$138	$94	$200	$200	$200
SERVICES AND CHARGES	**$6,053**	**$6,326**	**$9,450**	**$6,200**	**$6,700**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL-COMMUNITY CENTER	**$157,147**	**$165,205**	**$171,296**	**$161,293**	**$169,435**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	FIRE DEPARTMENT	100-142 - FIRE DEPARTMENT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$292,254	$256,833	$257,763	$275,182	$256,688
6003 WAGES - FULL TIME	$689,517	$937,877	$1,070,077	$1,030,419	$1,085,712
6004 WAGES - PART TIME	$262,517	$157,986	$208,639	$154,234	$213,722
6005 WAGES - OVERTIME	$162,035	$158,990	$188,330	$188,676	$188,288
6009 WAGES - OTHER	$55,919	$61,160	$74,766	$41,520	$72,066
6010 FIRE RUN PAYMENTS	$32,600	$39,040	$29,200	$29,200	$29,200
6011 VACATION PAY	$50,217	$73,618	$76,822	$70,177	$75,723
6012 SICK PAY	$31,313	$25,631	$62,305	$47,234	$62,693
6013 EMERGENCY PAY	$0	$2,758	$0	$2,334	$0
6015 SICK TIME BUYBACK	$0	$0	$12,611	$0	$11,823
6019 MISCELLANEOUS PAY	$5,545	$5,980	$6,485	$7,240	$6,910
6020 VOLUNTEERS' STATE RETIREMENT	$0	$0	$5,000	$5,000	$5,000
6021 SOCIAL SECURITY AND MEDICARE TAX	$114,344	$126,274	$152,802	$138,971	$154,061
6022 TMRS-RETIREMENT-EMPLOYER	$166,077	$210,187	$239,020	$229,853	$238,422
6025 WORKER COMPENSATION INS.	$21,822	$26,652	$26,850	$36,926	$26,850
6030 EMPLOYEE TUITION REIMBURSEMENT	$1,782	$1,519	$8,000	$762	$0
PERSONNEL SERVICES	**$1,885,942**	**$2,084,504**	**$2,418,670**	**$2,257,728**	**$2,427,158**
6101 OFFICE AND COMPUTER SUPPLIES	$8,893	$6,703	$7,350	$6,650	$5,880
6102 EDUCATIONAL SUPPLIES	$9,939	$6,039	$15,800	$14,100	$9,800
6104 JANITORIAL SUPPLIES	$17,960	$7,619	$6,900	$6,900	$6,900
6105 FOOD SUPPLIES	$6,626	$7,000	$12,850	$12,000	$10,000
6106 MATERIALS AND PARTS	$2,159	$1,180	$6,100	$5,000	$4,500
6107 CLOTHING AND UNIFORMS	$115,000	$104,883	$95,800	$79,500	$79,500
6108 FUEL, OIL AND LUBRICANTS	$38,582	$36,183	$39,750	$37,000	$39,000
6109 POSTAGE	$97	$6	$135	$135	$135
6110 CHEMICAL SUPPLIES	$3,351	$4,723	$11,250	$9,500	$9,000
6119 OTHER SUPPLIES	$46,428	$14,120	$8,900	$7,650	$7,000
6130 FURNITURE <$20,000	$2,747	$2,951	$4,000	$6,000	$6,500
6141 SCBA PARTS AND SUPPLIES	$47,771	$16,868	$15,000	$15,000	$18,500
6142 COMMUNICATION PARTS AND SUPPLIES	$25,334	$33,239	$34,500	$32,500	$25,500
6143 FF TOOL PARTS AND SUPPLIES	$15,885	$11,890	$26,500	$21,200	$22,500
SUPPLIES	**$340,774**	**$253,403**	**$284,835**	**$253,135**	**$244,715**
6201 OFFICE EQUIPMENT MAINTENANCE	$0	$37	$1,400	$1,400	$1,400
6204 OTHER EQUIPMENT MAINTENANCE	$3,578	$1,697	$6,600	$5,000	$5,000
6205 VEHICLE MAINTENANCE	$180,896	$204,330	$111,000	$150,000	$150,000
6206 BUILDING MAINTENANCE	$6	$197	$50,000	$55,197	$5,223
6219 OTHER MAINTENANCE	$23,997	$10,961	$18,000	$15,000	$15,000
6241 SCBA MAINTENANCE AND TESTING	$10,046	$8,783	$14,000	$13,500	$13,500
6242 COMMUNICATION MAINTENANCE	$14,749	$12,262	$11,950	$9,000	$9,000
6243 FIREFIGHTING TOOL MAINTENANCE	$12,888	$10,219	$16,000	$15,500	$14,000
REPAIRS AND MAINTENANCE	**$246,160**	**$248,486**	**$228,950**	**$264,597**	**$213,123**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	FIRE DEPARTMENT	100-142 - FIRE DEPARTMENT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6304 PROFESSIONAL SERVICES-OTHER	$17,299	$39,884	$34,600	$27,000	$32,000
6312 COMMUNICATION SERVICES	$37,755	$30,480	$30,000	$28,200	$28,200
6316 PRINTING AND BINDING	$648	$80	$3,000	$1,250	$1,250
6320 COMPUTER SOFTWARE SERVICES	$1,221	$3,968	$0	$0	$0
6329 OTHER SERVICES	$3,578	$10,983	$6,700	$6,700	$6,700
6332 TRAVEL AND MEALS	$9,858	$11,685	$20,200	$13,350	$10,100
6333 DUES AND SUBSCRIPTIONS	$8,226	$10,433	$9,000	$8,500	$8,500
6335 ADVERTISING COST	$2,694	$1,391	$2,500	$2,500	$2,500
6336 EQUIPMENT RENTALS	$1,254	$0	$500	$500	$500
6337 TRAINING	$31,716	$39,461	$35,300	$30,000	$26,475
6343 FIREFIGHTING TOOL RENTALS	$0	$0	$1,500	$1,500	$1,500
6350 CHILD SAFETY EDUCATION	$2,580	$2,385	$7,300	$5,300	$4,800
6362 PERMITS & LICENSES	$0	$87	$0	$0	$0
6398 BANQUETS, DEDICATIONS AND RECEPT	$5,415	$8,016	$6,000	$4,000	$5,000
SERVICES AND CHARGES	**$122,244**	**$158,852**	**$156,600**	**$128,800**	**$127,525**
6405 VEHICLE EQUIPMENT	$46	$28,213	$0	$0	$15,000
CAPITAL OUTLAY	**$46**	**$28,213**	**$0**	**$0**	**$15,000**
6998 TRANSFER TO FLEET REPLACEMENT	$0	$0	$0	$0	$0
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
DEBT	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL-FIRE DEPARTMENT	**$2,595,167**	**$2,773,459**	**$3,089,055**	**$2,904,260**	**$3,027,521**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	EMERGENCY MANAGEMENT	100-143 EMERGENCY

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6101 OFFICE AND COMPUTER SUPPLIES	$64	$0	$250	$250	$200
6102 EDUCATIONAL SUPPLIES	$0	$0	$750	$500	$750
6103 COMPUTER EQUIPMENT <$20,000	$0	$0	$0	$1,000	$1,000
6105 FOOD SUPPLIES	$388	$401	$300	$200	$300
6107 CLOTHING AND UNIFORMS	$1,584	$1,083	$900	$500	$900
6119 OTHER SUPPLIES	$223	$0	$0	$0	$0
SUPPLIES	**$2,258**	**$1,484**	**$2,200**	**$1,450**	**$2,150**
6203 RADIO EQUIPMENT MAINTENANCE	$0	$0	$250	$250	$250
REPAIRS AND MAINTENANCE	**$0**	**$0**	**$250**	**$250**	**$250**
6304 PROF.SERV.-OTHER	$79	$8,224	$200	$500	$200
6312 COMMUNICATION SERVICES	$4,542	$4,960	$4,800	$4,825	$4,825
6320 COMPUTER SOFTWARE SERV.	$0	$0	$1,500	$1,500	$1,500
6332 TRAVEL AND MEALS	$0	$0	$1,500	$0	$750
6333 DUES AND SUBSCRIPTIONS	$994	$240	$600	$677	$700
6335 ADVERTISING COST	$1,685	$0	$0	$0	$0
6337 TRAINING	$855	$1,150	$1,200	$0	$900
6345 KTTF EXPENSES	$9,156	$14,835	$7,000	$16,300	$3,000
SERVICES AND CHARGES	**$17,311**	**$29,409**	**$16,800**	**$23,802**	**$11,875**
TOTAL EMERGENCY MANAGEMENT	**$19,570**	**$30,894**	**$19,250**	**$25,502**	**$14,275**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	ESD#15 STATION 5	100-145 - ESD#15 STATION 5

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$243,480	$364,537	$461,008	$435,265	$427,240
6004 WAGES-PART TIME	$160,440	$49,340	$79,802	$75,409	$80,956
6005 WAGES-OVERTIME	$75,370	$84,578	$95,041	$95,123	$86,213
6009 WAGES-OTHER	$8,906	$18,433	$26,371	$14,154	$22,971
6010 FIRE RUN PAYMENTS	$15,880	$24,411	$14,600	$14,600	$14,600
6011 VACATION PAY	$12,442	$20,500	$24,102	$19,246	$22,436
6012 SICK PAY	$3,953	$5,917	$21,976	$20,968	$20,268
6013 EMERGENCY PAY	$0	$1,171	$0	$490	$0
6015 SICK TIME BUYBACK	$0	$0	$2,844	$0	$4,147
6019 MISCELLANEOUS PAY	$0	$0	$1,655	$0	$2,090
6021 FICA-S.S. AND MEDICARE TAXES	$37,406	$41,826	$54,577	$50,118	$51,026
6022 TMRS-EMPLOYER	$40,491	$66,724	$85,943	$85,930	$78,748
6025 WORKER COMPENSATION INS.	$4,646	$116	$12,150	$0	$11,050
6030 EMPLOYEE TUITION REIMBURSE	$0	$0	$4,000	$4,000	$0
PERSONNEL SERVICES	**$603,014**	**$677,555**	**$884,069**	**$815,303**	**$821,745**
6101 OFFICE AND COMPUTER SUPPLIES	$246	$1,760	$1,200	$1,200	$960
6102 EDUCATIONAL SUPPLIES	$0	$1,800	$3,250	$3,250	$3,250
6104 JANITORIAL AND CLEANING SUPPLY	$3,824	$4,274	$5,000	$5,000	$5,000
6105 FOOD SUPPLIES	$1,604	$1,660	$1,800	$1,500	$1,500
6106 MATERIALS AND PARTS	$0	$504	$2,000	$1,500	$1,500
6107 CLOTHING AND UNIFORMS	$3,220	$20,632	$22,800	$26,500	$26,500
6108 FUEL, OIL AND LUBRICANTS	$44	$0	$0	$0	$0
6110 CHEMICAL SUPPLIES	$0	$1,661	$0	$0	$0
6119 OTHER SUPPLIES	$939	$2,912	$1,500	$1,500	$1,500
6130 FURNITURE<$20,000	$0	$0	$250	$250	$250
6143 FF TOOL PARTS & SUPPLIES	$0	$87	$0	$0	$0
SUPPLIES	**$9,877**	**$35,289**	**$37,800**	**$40,700**	**$40,460**
6204 OTHER EQUIPMENT MAINT.	$0	$0	$600	$750	$750
6205 VEHICLE MAINTENANCE	$27	$71	$0	$0	$0
6206 BUILDING MAINTENANCE	$19,942	$8,355	$8,535	$17,535	$11,535
6219 OTHER MAINTENANCE	$190	$293	$0	$0	$0
6242 COMMUNICATION MAINTENANCE	$0	$0	$300	$1,000	$1,000
REPAIRS AND MAINTENANCE	**$20,159**	**$8,719**	**$9,435**	**$19,285**	**$13,285**
6304 PROF.SERV.-OTHER	$0	$1,940	$2,800	$2,800	$2,800
6312 COMMUNICATION SERVICES	$1,935	$1,974	$2,860	$2,860	$2,860
6313 UTILITIES	$19,501	$20,115	$26,500	$26,500	$26,500
6316 PRINTING AND BINDING	$0	$0	$333	$333	$333
6329 OTHER SERVICES	$240	$572	$0	$0	$0
6332 TRAVEL AND MEALS	$0	$741	$7,500	$7,500	$3,750

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	ESD#15 STATION 5	100-145 - ESD#15 STATION 5

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6333 DUES AND SUBSCRIPTIONS	$0	$450	$1,000	$1,200	$1,200
6337 TRAINING	$807	$7,085	$9,450	$9,450	$7,088
SERVICES AND CHARGES	**$22,484**	**$32,879**	**$50,443**	**$50,643**	**$44,531**
TOTAL GENERAL-ESD#15 STATION 5	**$655,533**	**$754,442**	**$981,747**	**$925,931**	**$920,021**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	PUBLIC WORKS ADM.	100-151-PUBLIC WORKS ADM.

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$31,322	$32,670	$34,362	$34,292	$35,051
6005 WAGES-OVERTIME	$622	$405	$1,030	$500	$1,020
6009 WAGES-OTHER	$1,910	$1,690	$1,809	$1,356	$1,845
6011 VACATION PAY	$743	$1,789	$1,507	$1,905	$1,537
6012 SICK PAY	$814	$163	$1,507	$1,973	$1,537
6015 SICK TIME BUYBACK	$0	$0	$602	$0	$0
6019 MISCELLANEOUS PAY	$75	$135	$195	$195	$255
6021 FICA-MED/SS	$2,591	$2,820	$3,139	$3,078	$3,157
6022 TMRS-EMPLOYER	$4,622	$5,037	$5,616	$5,507	$5,600
6025 WORKER COMPENSATION INS.	$106	$88	$100	$90	$100
6030 EMPLOYEE TUITION REIMBURSEMENT	$0	$1,023	$4,000	$4,000	$4,000
PERSONNEL SERVICES	**$42,805**	**$45,818**	**$53,867**	**$52,896**	**$54,102**
6101 OFFICE AND COMPUTER SUPPLIES	$1,095	$2,347	$1,200	$1,400	$960
6102 EDUCATIONAL SUPPLIES	$454	$249	$400	$400	$400
6105 FOOD SUPPLIES	$3,950	$4,781	$3,200	$3,200	$3,000
6106 MATERIALS AND PARTS	$0	$243	$0	$0	$0
6107 CLOTHING AND UNIFORMS	$292	$143	$300	$300	$300
6108 FUEL, OIL AND LUBRICANTS	$3,960	$2,276	$2,000	$3,000	$5,000
6109 POSTAGE	$0	$0	$0	$50	$50
6119 OTHER SUPPLIES	$263	$452	$250	$400	$400
SUPPLIES	**$10,015**	**$10,491**	**$7,350**	**$8,700**	**$10,060**
6205 VEHICLE MAINTENANCE	$1,131	$1,625	$1,000	$2,000	$2,000
6206 BUILDING MAINTENANCE	$305	$0	$0	$0	$0
REPAIRS AND MAINTENANCE	**$1,436**	**$1,625**	**$1,000**	**$2,000**	**$2,000**
6312 COMMUNICATION SERVICES	$527	$498	$300	$800	$750
6329 OTHER SERVICES	$535	$0	$0	$0	$0
6332 TRAVEL AND MEALS	$303	$850	$1,500	$1,500	$750
6335 ADVERTISING COST	$0	$543	$0	$0	$0
6337 TRAINING	$0	$2,779	$5,000	$3,000	$3,750
SERVICES AND CHARGES	**$1,366**	**$4,670**	**$6,800**	**$5,300**	**$5,250**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL-PUBLIC WORKS ADM.	**$55,622**	**$62,604**	**$69,017**	**$68,896**	**$71,412**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	GARAGE	100-152 - GARAGE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$69,181	$79,793	$83,634	$88,543	$85,278
6005 WAGES-OVERTIME	$9,890	$14,467	$10,300	$12,216	$10,200
6009 WAGES-OTHER	$3,154	$4,122	$4,451	$3,005	$4,540
6011 VACATION PAY	$3,991	$5,724	$5,563	$4,606	$5,674
6012 SICK PAY	$856	$4,672	$3,709	$1,948	$3,783
6015 SICK TIME BUYBACK	$0	$0	$816	$0	$1,513
6019 MISCELLANEOUS PAY	$490	$880	$1,000	$1,000	$1,120
6021 FICA-MED/SS	$6,138	$8,104	$8,452	$8,409	$8,724
6022 TMRS-EMPLOYER	$11,478	$15,090	$15,123	$15,454	$15,475
6025 WORKER COMPENSATION INS.	$1,986	$1,703	$1,800	$1,765	$1,800
PERSONNEL SERVICES	**$107,164**	**$134,555**	**$134,848**	**$136,946**	**$138,107**
6101 OFFICE AND COMPUTER SUPPLIES	$56	$29	$50	$0	$0
6106 MATERIALS AND PARTS	$2,504	$1,402	$4,000	$4,000	$4,000
6107 CLOTHING AND UNIFORMS	$1,213	$1,930	$1,475	$1,475	$1,400
6108 FUEL, OIL AND LUBRICANTS	$1,115	$1,962	$1,650	$1,500	$2,000
6110 CHEMICAL SUPPLIES	$0	$27	$0	$0	$0
6119 OTHER SUPPLIES	$1,522	$2,434	$4,000	$2,500	$2,500
SUPPLIES	**$6,410**	**$7,784**	**$11,175**	**$9,475**	**$9,900**
6204 OTHER EQUIPMENT MAINTENANCE	$58	$0	$300	$450	$300
6205 VEHICLE MAINTENANCE	$902	$538	$500	$600	$600
6206 BUILDING MAINTENANCE	$0	$6,150	$0	$5,520	$0
6207 SYSTEM MAINTENANCE	$5,372	$1,413	$4,000	$3,500	$22,659
REPAIRS AND MAINTENANCE	**$6,332**	**$8,101**	**$4,800**	**$10,070**	**$23,559**
6312 COMMUNICATION SERVICES	$1,373	$1,212	$1,300	$2,000	$2,000
6329 OTHER SERVICES	$6,600	$0	$0	$0	$0
6332 TRAVEL AND MEALS	$40	$0	$0	$0	$0
6333 DUES AND SUBSCRIPTIONS	$1,728	$1,728	$2,000	$2,000	$2,000
6336 EQUIPMENT RENTALS	$514	$545	$600	$600	$600
6337 TRAINING	$498	$203	$1,200	$1,200	$900
6362 PERMITS AND LICENSES	$61	$0	$200	$125	$125
SERVICES AND CHARGES	**$10,813**	**$3,689**	**$5,300**	**$5,925**	**$5,625**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL GENERAL-GARAGE	**$130,720**	**$154,130**	**$156,123**	**$162,416**	**$177,191**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	PARKS	100-153 - PARKS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$177,027	$180,630	$207,016	$212,021	$210,816
6004 WAGES-PART TIME	$39,637	$52,451	$50,489	$50,489	$50,580
6005 WAGES-OVERTIME	$13,968	$14,236	$13,390	$16,370	$13,260
6009 WAGES-OTHER	$10,887	$10,930	$12,118	$7,831	$12,304
6011 VACATION PAY	$10,969	$15,223	$11,051	$11,750	$11,174
6012 SICK PAY	$6,494	$20,442	$9,146	$8,413	$9,286
6013 EMERGENCY PAY	$847	$21	$0	$765	$0
6015 SICK TIME BUYBACK	$0	$0	$0	$0	$2,051
6019 MISCELLANEOUS PAY	$2,430	$2,155	$1,225	$1,225	$1,340
6021 FICA-MED/SS	$18,620	$22,163	$23,461	$23,459	$23,947
6022 TMRS-EMPLOYER	$28,933	$33,293	$35,066	$35,644	$35,615
6025 WORKER COMPENSATION INS.	$3,169	$3,257	$3,350	$3,237	$3,350
PERSONNEL SERVICES	**$312,981**	**$354,801**	**$366,312**	**$371,204**	**$373,723**
6106 MATERIALS AND PARTS	$20,051	$22,050	$30,000	$30,000	$30,000
6107 CLOTHING AND UNIFORMS	$4,429	$4,342	$4,550	$4,550	$4,700
6108 FUEL, OIL AND LUBRICANTS	$9,631	$10,922	$12,000	$10,000	$12,000
6110 CHEMICAL SUPPLIES	$4,989	$2,621	$6,000	$5,000	$5,000
6119 OTHER SUPPLIES	$35,104	$14,328	$17,000	$17,000	$31,500
SUPPLIES	**$74,205**	**$54,263**	**$69,550**	**$66,550**	**$83,200**
6204 OTHER EQUIPMENT MAINTENANCE	$6,462	$7,736	$7,000	$7,000	$7,000
6205 VEHICLE MAINTENANCE	$2,411	$2,007	$2,000	$3,000	$3,000
6206 BUILDING MAINTENANCE	$0	$8,773	$0	$0	$0
6207 SYSTEM MAINTENANCE	$66,958	$115,303	$215,000	$225,000	$177,500
6219 OTHER MAINTENANCE	$0	$0	$16,000	$21,000	$0
REPAIRS AND MAINTENANCE	**$75,830**	**$133,820**	**$240,000**	**$256,000**	**$187,500**
6304 PROFESSIONAL SERVICES,OTHER	$506	$0	$0	$0	$0
6312 COMMUNICATION SERVICES	$3,004	$3,261	$2,700	$3,200	$3,200
6321 SYSTEM CONTRACT SERVICES	$7,985	$8,066	$10,000	$10,000	$10,000
6329 OTHER SERVICES	$656	$1,028	$0	$0	$28,000
6332 TRAVEL AND MEALS	$69	$0	$500	$0	$0
6336 EQUIPMENT RENTALS	$3,507	$2,375	$5,500	$1,200	$5,000
6337 TRAINING	$395	$0	$1,000	$0	$0
6362 PERMITS AND LICENSES	$0	$61	$100	$75	$125
SERVICES AND CHARGES	**$16,123**	**$14,792**	**$19,800**	**$14,475**	**$46,325**
6403 MACHINERY AND EQUIPMENT	$41,972	$0	$0	$0	$0
6406 LAND AND BUILDINGS	$0	$0	$0	$0	$0
6409 SYSTEM EXPANSION	$0	$82,160	$25,000	$29,000	$0
6412 JUERGENS PARK	$4,447	$0	$0	$0	$0
CAPITAL OUTLAY	**$46,419**	**$82,160**	**$25,000**	**$29,000**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	PARKS	100-153 - PARKS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6998 TRANSFER TO FLEET REPLACEMENT	$0	$0	$0	$0	$0
6999 TRANSFER TO CAPITAL PROJ. FUND	$580,000	$350,000	$370,000	$370,000	$285,000
TRANSFERS	**$580,000**	**$350,000**	**$370,000**	**$370,000**	**$285,000**
TOTAL GENERAL-PARKS	**$1,105,558**	**$989,835**	**$1,090,662**	**$1,107,229**	**$975,748**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	STREETS	100-154 - STREETS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$60,561	$59,273	$61,801	$66,510	$63,015
6003 WAGES-FULL TIME	$231,337	$245,452	$277,010	$266,720	$278,726
6004 WAGES-PART TIME	$2,865	$3,891	$5,150	$10,000	$5,100
6005 WAGES-OVERTIME	$14,962	$13,006	$26,265	$15,063	$26,010
6009 WAGES-OTHER	$17,805	$18,527	$19,670	$10,020	$19,771
6011 VACATION PAY	$19,337	$25,697	$21,734	$20,428	$20,723
6012 SICK PAY	$10,086	$28,839	$15,110	$9,734	$15,191
6013 EMERGENCY PAY	$0	$136	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$1,123	$1,123	$3,425
6019 MISCELLANEOUS PAY	$2,715	$2,900	$3,125	$3,125	$2,780
6021 FICA-MED/SS	$26,759	$29,308	$33,155	$30,106	$33,432
6022 TMRS-EMPLOYER	$48,994	$54,035	$58,616	$54,041	$58,611
6025 WORKER COMPENSATION INS.	$16,587	$14,194	$14,850	$14,689	$14,850
PERSONNEL SERVICES	**$452,008**	**$495,258**	**$537,609**	**$501,559**	**$541,634**
6101 OFFICE AND COMPUTER SUPPLIES	$314	$312	$300	$0	$0
6105 FOOD SUPPLIES	$0	$27	$0	$0	$0
6106 MATERIALS AND PARTS	$27,282	$61,893	$55,500	$35,500	$68,500
6107 CLOTHING AND UNIFORMS	$5,610	$6,121	$6,950	$6,450	$6,100
6108 FUEL, OIL AND LUBRICANTS	$22,679	$20,079	$25,300	$20,000	$25,000
6119 OTHER SUPPLIES	$9,561	$18,041	$20,000	$20,000	$18,000
SUPPLIES	**$65,446**	**$106,473**	**$108,050**	**$81,950**	**$117,600**
6204 OTHER EQUIPMENT MAINTENANCE	$35,576	$36,391	$20,000	$30,000	$30,000
6205 VEHICLE MAINTENANCE	$5,877	$5,804	$5,000	$8,000	$6,000
6207 SYSTEM MAINTENANCE	$233,974	$110,787	$350,000	$345,000	$345,000
REPAIRS AND MAINTENANCE	**$275,427**	**$152,982**	**$375,000**	**$383,000**	**$381,000**
6302 PROFESSIONAL SERVICES,ENGINEER	$7,925	$7,088	$5,000	$0	$0
6304 PROFESSIONAL SERVICES,OTHER	$6,169	$20,966	$15,500	$15,000	$18,000
6312 COMMUNICATION SERVICES	$2,833	$2,316	$2,800	$3,200	$3,200
6313 UTILITIES-ELECTRIC	$0	$3,018	$0	$0	$0
6319 MOSQUITO CONTROL	$12,529	$15,539	$15,000	$15,000	$15,000
6329 OTHER SERVICES	$13,302	$6,856	$10,000	$8,000	$10,000
6332 TRAVEL AND MEALS	$89	$0	$0	$50	$25
6336 EQUIPMENT RENTALS	$0	$1,699	$1,500	$0	$1,500
6337 TRAINING	$395	$0	$400	$550	$300
6338 STREET LIGHTS	$123,692	$117,939	$115,000	$115,000	$115,000
6361 STUDIES AND ANALYSIS	$0	$0	$50,000	$0	$0
6362 PERMITS AND LICENSES	$200	$131	$500	$525	$525
SERVICES AND CHARGES	**$167,134**	**$175,552**	**$215,700**	**$157,325**	**$163,550**
6409 SYSTEM EXPANSION	$33,192	$250,000	$0	$32,855	$0
CAPITAL OUTLAY	**$33,192**	**$250,000**	**$0**	**$32,855**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	STREETS	100-154 - STREETS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6998 TRANSFER TO FLEET REPLACEMENT	$105,000	$0	$0	$0	$0
6999 TRANSFER TO CAPITAL PROJ. FUND	$910,000	$606,500	$220,000	$50,000	$261,012
TRANSFERS	**$1,015,000**	**$606,500**	**$220,000**	**$50,000**	**$261,012**
TOTAL-STREETS	**$2,008,206**	**$1,786,766**	**$1,456,359**	**$1,206,689**	**$1,464,796**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	SANITATION	100-155 SANITATION

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
PERSONNEL SERVICES	**$0**	**$0**	**$0**	**$0**	**$0**
6119 OTHER SUPPLIES	$40,880	$48,576	$42,000	$45,000	$45,000
SUPPLIES	**$40,880**	**$48,576**	**$42,000**	**$45,000**	**$45,000**
6304 PROFESSIONAL SERVICES-OTHER	$82,619	$109,747	$60,000	$65,000	$65,000
6312 COMMUNICATION SERVICES	$0	($161)	$0	$0	$0
6327 GARBAGE SERVICES	$1,456,738	$1,492,524	$2,200,000	$2,000,000	$2,000,000
6329 OTHER SERVICES	$1,404	$130	$3,000	$3,000	$5,000
6334 AUTOMOBILE ALLOWANCES	$0	($579)	$0	$0	$0
6362 PERMITS AND LICENSES	$200	$0	$300	$200	$300
SERVICES AND CHARGES	**$1,540,962**	**$1,601,662**	**$2,263,300**	**$2,068,200**	**$2,070,300**
6409 SYSTEM EXPANSION	$13,438	$0	$0	$0	$0
CAPITAL OUTLAY	**$13,438**	**$0**	**$0**	**$0**	**$0**
TOTAL SANITATION	**$1,595,279**	**$1,600,929**	**$2,305,300**	**$2,113,200**	**$2,115,300**

FUND	CITY OF TOMBALL DEPARTMENT	DIVISION
GENERAL FUND	ENGINEERING AND PLANNING	100-156 ENGINEERING & PLANNING

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$271,335	$253,185	$240,007	$213,706	$242,608
6003 WAGES-FULL TIME	$34,392	$41,472	$80,484	$125,897	$85,678
6005 WAGES-OVERTIME	$1,012	$844	$3,348	$1,633	$3,315
6009 WAGES-OTHER	$14,541	$15,649	$17,064	$11,001	$17,526
6011 VACATION PAY	$15,385	$12,480	$17,939	$11,821	$19,308
6012 SICK PAY	$5,435	$6,789	$14,220	$9,498	$14,605
6013 EMERGENCY PAY	$481	$0	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$4,276	$2,976	$5,115
6019 MISCELLANEOUS PAY	$765	$870	$1,170	$1,235	$1,535
6021 FICA-S.S. AND MEDICARE TAXES	$25,005	$25,127	$29,652	$29,123	$30,529
6022 TMRS-EMPLOYER	$46,212	$46,439	$53,054	$52,998	$54,154
6025 WORKER COMPENSATION INS.	$898	$831	$1,300	$864	$1,300
PERSONNEL SERVICES	**$415,461**	**$403,686**	**$462,514**	**$460,752**	**$475,673**
6101 OFFICE AND COMPUTER SUPPLIES	$2,261	$4,176	$7,000	$5,000	$5,600
6105 FOOD SUPPLIES	$976	$815	$1,000	$1,000	$1,000
6107 CLOTHING AND UNIFORMS	$248	$425	$500	$500	$500
6108 FUEL, OIL AND LUBRICANTS	$0	$1,161	$1,500	$1,500	$1,500
6109 POSTAGE	$3,679	$4,911	$6,000	$6,000	$6,000
SUPPLIES	**$7,163**	**$11,487**	**$16,000**	**$14,000**	**$14,600**
6205 VEHICLE MAINTENANCE	$0	$270	$1,000	$1,000	$1,000
REPAIRS AND MAINTENANCE	**$0**	**$270**	**$1,000**	**$1,000**	**$1,000**
6302 PROF.SERV.-ENGINEERING	$36,180	$53,664	$80,000	$50,000	$50,000
6304 PROF.SERV.-OTHER	$80,071	$43,645	$0	$3,000	$5,000
6312 COMMUNICATION SERVICES	$2,981	$3,170	$3,600	$3,600	$3,600
6316 PRINTING AND BINDING	$38	$96	$0	$0	$0
6332 TRAVEL AND MEALS	$6,324	$5,218	$11,000	$6,000	$5,500
6333 DUES AND SUBSCRIPTIONS	$1,186	$737	$1,500	$1,500	$1,500
6334 AUTOMOBILE ALLOWANCES	$4,800	$4,832	$4,800	$4,800	$4,800
6335 ADVERTISING COST	$2,672	$2,409	$5,000	$5,000	$5,000
6337 TRAINING	$5,110	$3,070	$7,000	$4,000	$5,250
6362 PERMITS AND LICENSES	$320	$280	$200	$400	$400
SERVICES AND CHARGES	**$139,682**	**$117,121**	**$113,100**	**$78,300**	**$81,050**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL ENGINEERING AND PLANNING	**$562,308**	**$532,564**	**$592,614**	**$554,052**	**$572,323**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL FUND	FACILITIES MAINTENANCE	100-157 FACILITIES MAINTENANCE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$74,058	$83,253	$83,095	$86,689	$84,718
6005 WAGES-OVERTIME	$3,937	$5,495	$5,150	$2,636	$5,100
6009 WAGES-OTHER	$4,018	$4,692	$5,064	$3,328	$5,165
6011 VACATION PAY	$8,932	$6,497	$8,620	$8,611	$8,792
6012 SICK PAY	$3,913	$1,192	$3,822	$2,710	$3,898
6015 SICK TIME BUYBACK	$0	$0	$1,529	$1,529	$1,559
6019 MISCELLANEOUS PAY	$2,290	$2,410	$2,530	$2,530	$2,650
6021 FICA-S.S. AND MEDICARE TAXES	$7,051	$7,904	$8,520	$8,317	$8,685
6022 TMRS-EMPLOYER	$12,777	$14,320	$15,244	$15,007	$15,406
6025 WORKER COMPENSATION INS.	$2,131	$1,874	$2,000	$1,945	$2,000
PERSONNEL SERVICES	**$119,106**	**$127,638**	**$135,574**	**$133,302**	**$137,973**
6101 OFFICE AND COMPUTER SUPPLIES	$0	$17	$0	$0	$3,200
6104 JANITORIAL AND CLEANING SUPPLY	$8,629	$11,516	$9,500	$13,600	$10,500
6105 FOOD SUPPLIES	$4,340	$2,975	$3,000	$4,000	$3,000
6106 MATERIALS AND PARTS	$285	$1,577	$500	$2,000	$2,000
6107 CLOTHING AND UNIFORMS	$1,413	$1,601	$1,600	$1,500	$1,300
6108 FUEL, OIL AND LUBRICANTS	$2,082	$2,009	$1,700	$1,700	$2,000
6119 OTHER SUPPLIES	$16,675	$10,900	$1,000	$2,500	$2,500
SUPPLIES	**$33,424**	**$30,595**	**$17,300**	**$25,300**	**$24,500**
6205 VEHICLE MAINTENANCE	$44	$830	$500	$500	$1,000
6206 BUILDING MAINTENANCE	$180,245	$323,212	$161,500	$161,500	$247,800
6219 OTHER MAINTENANCE	$0	$30,505	$25,000	$1,500	$15,000
REPAIRS AND MAINTENANCE	**$180,289**	**$354,547**	**$187,000**	**$163,500**	**$263,800**
6304 PROF.SERV.-OTHER	$0	$24,372	$0	$15,500	$0
6311 JANITORIAL SERVICES	$69,617	$77,655	$85,000	$87,000	$87,000
6312 COMMUNICATION SERVICES	$186,340	$31,953	$35,000	$35,000	$35,000
6313 UTILITIES	$154,392	$147,224	$160,000	$160,000	$160,000
6336 EQUIPMENT RENTALS	$2,703	$2,367	$2,300	$2,300	$2,300
6362 PERMITS AND LICENSES	$0	$0	$100	$100	$100
SERVICES AND CHARGES	**$413,052**	**$283,571**	**$282,400**	**$299,900**	**$284,400**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL FACILITIES MAINTENANCE	**$745,872**	**$796,353**	**$622,274**	**$622,002**	**$710,673**

200 - General Special Revenue Fund Seizure

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projected	FY 2021 Budget
Revenues:						
Abandoned Vehicles	$ -	$ -		$ -	$ -	$ -
Seized Funds	3,310	5,057	1,850	-	40,000	-
Child Safety	13,037	13,726	13,432	-	-	-
Interest	895	1,649	2,215	750	1,250	750
Other	-	-		-	-	-
Total	$ 17,242	$ 20,432	$ 17,497	$ 750	$ 41,250	$ 750
Expenditures:						
Supplies	$ 22,740	$ -	$ 21,693	$ -	$ -	$ -
Services and Charges	-	2,539	215	-	-	-
Maintenance	-	-	9,085	-	-	-
Transfers				-	127,761	-
Total	$ 22,740	$ 2,539	$ 30,993	$ -	$ 127,761	$ -
Revenues Over (Under) Expenditures	$ (5,498)	$ 17,893	$ (13,496)	$ 750	$ (86,511)	$ 750
Beginning Fund Balance	$ 114,344	$ 108,846	$ 126,739	$ 113,243	$ 113,243	$ 26,732
Ending Fund Balance	$ 108,846	$ 126,739	$ 113,243	$ 113,993	$ 26,732	$ 27,482

Fund Description

The General Special Revenue fund accounts for Police forfeiture funds and Child Safety fees. Forfeiture funds are awards of monies or property by the courts related to cases that involve the Tomball Police Department. According to Chapter 59, Article 6, Paragraph (d) of the Code of Criminal Procedure, "Proceeds awarded under this chapter to a law enforcement agency may be spent by the agency after a budget for the expenditures of the proceeds has been submitted to the governing body of the municipality." Child Safety Fees are received through the Harris County Tax Assessor/Collector. These fees represent a portion of each citation written by the Tomball Police Department. The State of Texas allocates a percentage of each court fee to the Child Safety Program and is remitted back to the municipality to be used for educational material for children, coloring books, pencils, goody bags, etc and are distributed at various community events each year.

CITY OF TOMBALL SPECIAL REVENUE FUND - 200						
	2017	2018	2019	2020	2020	2021
GENERAL SPECIAL FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5785 POLICE SEIZED FUNDS	3,310	5,057	1,850	-	40,000	-
5790 CHILD SAFETY FUND	13,037	13,726	13,432	-	-	-
5800 INTEREST	895	1,649	2,215	750	1,250	750
TOTAL GENERAL SPECIAL FUND	17,242	20,432	17,497	750	41,250	750

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL SPECIAL FUND	POLICE SEIZURE FUNDS	200-221 POLICE SEIZURE FUNDS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6119 OTHER SUPPLIES	$0	$21,693	$0	$0	$0
SUPPLIES	**$0**	**$21,693**	**$0**	**$0**	**$0**
6201 OFFICE EQUIPMENT MAINTENANCE	$0	$9,085	$0	$0	$0
REPAIRS AND MAINTENANCE	**$0**	**$9,085**	**$0**	**$0**	**$0**
6320 COMPUTER SOFTWARE SERVICES	$2,539	$0	$0	$0	$0
6350 CHILD SAFETY EDUCATION	$0	$215	$0	$0	$0
SERVICES AND CHARGES	**$2,539**	**$215**	**$0**	**$0**	**$0**
6691 TRANSFERS OUT				$127,761	$0
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$127,761**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL POLICE SEIZURE FUNDS	**$2,539**	**$30,993**	**$0**	**$127,761**	**$0**

220 - Municipal Court Building Security Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Fines and Warrants	$ 10,723	$ 9,334	$ 11,297	$ 11,000	$ 11,000	$ 11,000
Interest	1,961	3,369	4,369	3,000	2,500	2,000
Total	$ 12,684	$ 12,703	$ 15,666	$ 14,000	$ 13,500	$ 13,000
Expenditures:						
Supplies	$ 46,660	$ 5,348	$ -	$ 50,000	$ 10,000	$ 20,000
Maintenance	$ -	$ -	$ -	$ -	$ -	$ -
Services and Charges	$ -	$ -	$ -	$ -	$ -	$ -
Capital	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 46,660	$ 5,348	$ -	$ 50,000	$ 10,000	$ 20,000
Revenues Over (Under) Expenditures	$ (33,976)	$ 7,355	$ 15,666	$ (36,000)	$ 3,500	$ (7,000)
Beginning Fund Balance	$ 254,754	$ 220,778	$ 228,133	$ 243,799	$ 243,799	$ 247,299
Ending Fund Balance	$ 220,778	$ 228,133	$ 243,799	$ 207,799	$ 247,299	$ 240,299

Fund Description

In prior years, the General Fund accounted for the City's court building security fees. In order to more accurately account for these funds, in FY 2006-07, the City created the Municipal Court Building Security Fee fund. These fees are generated from court fines. By law, these funds can only be spent on the City's municipal court.

CITY OF TOMBALL MUNI COURT BLDG SECURITY - 220						
	2017	2018	2019	2020	2020	2021
MUNI COURT- BLDG SECURITY	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5311 MUNICIPAL COURT BLDG-SECURITY	10,723	9,334	11,297	11,000	11,000	11,000
5800 INTEREST INCOME	1,961	3,369	4,369	3,000	2,500	2,000
TOTAL MUNI COURT- BLDG SECURITY	**$ 12,684**	**$ 12,703**	**$ 15,666**	**$ 14,000**	**$ 13,500**	**$ 13,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
MUNI COURT- BLDG SECURITY	MUNICIPAL COURT	220-122 - MUNICIPAL COURT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6119 OTHER SUPPLIES	$5,348	$0	$50,000	$10,000	$20,000
SUPPLIES	**$5,348**	**$0**	**$50,000**	**$10,000**	**$20,000**
6304 PROFESSIONAL SERVICES, OTHER	$0	$8,461	$0	$0	$0
SERVICES AND CHARGES	**$0**	**$8,461**	**$0**	**$0**	**$0**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
6691 TRANSFERS OUT	$0	$0	$0	$0	$0
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL GENERAL-MUNICIPAL COURT SECURITY	**$5,348**	**$8,461**	**$50,000**	**$10,000**	**$20,000**

230 - Municipal Court Technology Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projections	FY 2021 Budget
Revenues:						
Fines and Warrants	$ 14,297	$ 12,453	$ 15,054	$ 18,000	$ 15,000	$ 15,000
Interest	1,654	3,272	4,244	3,000	2,000	2,000
Total	$ 15,951	$ 15,725	$ 19,298	$ 21,000	$ 17,000	$ 17,000
Expenditures:						
Supplies	$ 47,385	$ 40,000	$ 28,380	$ 10,000	$ 10,000	$ 40,000
Services and Charges	7,270	8,998	8,225	10,000	-	-
Total	$ 54,655	$ 48,998	$ 36,604	$ 20,000	$ 10,000	$ 40,000
Revenues Over (Under) Expenditures	$ (38,704)	$ (33,273)	$ (17,306)	$ 1,000	$ 7,000	$ (23,000)
Beginning Fund Balance	$ 270,371	$ 231,670	$ 198,397	$ 181,091	$ 181,091	$ 188,091
Ending Fund Balance	$ 231,670	$ 198,397	$ 181,091	$ 182,091	$ 188,091	$ 165,091

Fund Description

In prior years, the General Fund accounted for the City's court technology fees. In order to more accurately account for these funds, in FY 2006-07, the City created the Municipal Court Technology Fund. These fees are generated from court fines. By law, these funds can only be spent on the City's municipal court.

CITY OF TOMBALL
Muni Court Technology Fund Detail - 230

	2017	2018	2019	2020	2020	2021
MUNICIPAL COURT TECH FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5312 COURT TECHNOLOGY FEE	14,297	12,453	15,054	18,000	15,000	15,000
5800 INTEREST INCOME	1,654	3,272	4,244	3,000	2,000	2,000
TOTAL MUNICIPAL COURT TECH FUND	**$ 15,951**	**$ 15,725**	**$ 19,298**	**$ 21,000**	**$ 17,000**	**$ 17,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
MUNICIPAL COURT TECH FUND	MUNICIPAL COURT	230-122 - MUNICIPAL COURT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6101 OFFICE AND COMPUTER SUPPLIES	$40,000	$28,380	$10,000	$10,000	$40,000
SUPPLIES	**$40,000**	**$28,380**	**$10,000**	**$10,000**	**$40,000**
REPAIRS AND MAINTENANCE	**$0**	**$0**	**$0**	**$0**	**$0**
6320 COMPUTER SOFTWARE	$8,998	$8,225	$10,000	$0	$0
SERVICES AND CHARGES	**$8,998**	**$8,225**	**$10,000**	**$0**	**$0**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL GENERAL-MUNICIPAL COURT TECH	**$48,998**	**$36,604**	**$20,000**	**$10,000**	**$40,000**

240 - Hotel Occupancy Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Occupancy Tax	$ 485,558	$ 637,485	$ 727,423	$ 650,000	$ 550,000	$ 575,000
Miscellaneous Income	5,790	10,225	5,153	10,000	2,000	2,000
Event Revenue	2,600	8,171	1,423	3,000	5,000	3,000
Interest	3,456	6,950	11,117	8,000	6,000	6,000
Transfers In	20,000	20,000	100,000	126,000	126,000	126,000
Total	$ 517,404	$ 682,831	$ 845,115	$ 797,000	$ 689,000	$ 712,000
Expenditures:						
Grants	$ 236,503	$ 245,565	$ 245,032	$ 258,500	$ 167,000	$ 236,000
Second Saturday Events	91,881	92,501	97,140	43,900	37,600	37,900
Tourism	270,737	290,018	325,644	511,571	383,921	442,178
Transfer to Employee Benefits Trust Fund	19,794	20,224	20,818	20,128	20,128	20,128
Total	$ 618,915	$ 648,305	$ 688,636	$ 834,099	$ 608,649	$ 736,206
Revenues Over (Under) Expenditures	$ (101,513)	$ 34,527	$ 156,510	$ (37,069)	$ 80,381	$ (24,176)
Beginning Fund Balance	$ 522,874	$ 421,361	$ 455,887	$ 612,397	$ 612,397	$ 692,778
Ending Fund Balance	$ 421,361	$ 455,887	$ 612,397	$ 575,328	$ 692,778	$ 668,602

The Hotel Occupancy Tax Fund accounts for revenues received from hotel occupancy taxes. By state statute, cities with populations of less than 125,000 must spend at least 1% of hotel tax revenues on advertising, no more than 15% on the encouragement, promotion, improvement, and application of the arts and a maximum of 50% on historical preservation. Hotels submit quarterly to the City an occupancy tax based upon 7% of total room receipts. Compliance with the provisions of the state statutes is monitored by the City administration on a continuing basis.

25% of Operating Expenses - Target	**69%**	**114%**	**91%**

CITY OF TOMBALL
HOTEL OCCUPANCY TAX FUND - 240

	2017	2018	2019	2020	2020	2021
HOTEL OCCUPANCY FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5180 HOTEL OCCUPANCY TAX	485,558	637,485	727,423	650,000	550,000	575,000
5550 MISCELLANEOUS INCOME	5,785	10,225	5,153	10,000	2,000	2,000
5555 EVENT SPONSORSHIP REVENUE	2,600	8,171	1,423	3,000	5,000	3,000
5800 INTEREST INCOME	3,456	6,950	11,117	8,000	6,000	6,000
5910 TRANSFER FROM GENERAL FUND	20,000	20,000	100,000	126,000	126,000	126,000
TOTAL HOTEL OCCUPANCY FUND	**517,399**	**682,831**	**845,115**	**797,000**	**689,000**	**712,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
HOTEL OCCUPANCY TAX	HOTEL OCCUPANCY TAX	240-240 HOT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
PERSONNEL SERVICES	**$0**	**$0**	**$0**	**$0**	**$0**
SUPPLIES	**$0**	**$0**	**$0**	**$0**	**$0**
6301 PROF.SERV.-AUDIT AND ACCTNG.	$5,665	$1,100	$3,000	$3,000	$3,000
6342 DEPOT MUSEUM	$0	$3,432	$5,000	$2,500	$4,000
6351 TOMBALL CHAMBER OF COMMERCE	$35,000	$35,000	$35,000	$35,000	$35,000
6356 TOMBALL SISTER CITY ORG.	$160,000	$160,000	$160,000	$80,000	$144,000
6359 GRANTS	$44,900	$45,500	$55,500	$46,500	$50,000
SERVICES AND CHARGES	**$245,565**	**$245,032**	**$258,500**	**$167,000**	**$236,000**
TOTAL HOTEL OCCUPANCY TAX	**$245,565**	**$245,032**	**$258,500**	**$167,000**	**$236,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
HOTEL OCCUPANCY TAX	2ND SATURDAY EVENTS	240-241 2ND SATURDAY EVENTS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES- ADMINISTRATIVE	$44,856	$45,301	$0	$0	$0
6009 WAGES-OTHER	$2,163	$2,513	$0	$0	$0
6011 VACATION PAY	$1,693	$2,413	$0	$0	$0
6012 SICK PAY	$940	$968	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$0	$0	$0
6019 MISCELLANEOUS PAY	$195	$255	$0	$0	$0
6021 FICA-S.S. AND MEDICARE TAXES	$3,907	$4,043	$0	$0	$0
6022 TMRS RETIREMENT-EMPLOYER	$7,242	$7,485	$0	$0	$0
6025 WORKER COMPENSATION INS.	$106	$88	$0	$0	$0
PERSONNEL SERVICES	**$61,101**	**$63,066**	**$0**	**$0**	**$0**
6101 OFFICE SUPPLIES	$487	$1,729	$0	$0	$0
6105 FOOD SUPPLIES	$955	$1,308	$1,500	$1,300	$1,500
6119 OTHER SUPPLIES	$4,148	$4,577	$8,500	$6,500	$6,500
6130 FURNITURE <$20,000	$0	$0	$300	$300	$300
SUPPLIES	**$5,590**	**$7,613**	**$10,300**	**$8,100**	**$8,300**
REPAIRS AND MAINTENANCE	**$0**	**$0**	**$0**	**$0**	**$0**
6304 PROFESSIONAL SERVICES, OTHER	$3,674	$4,599	$6,500	$6,400	$6,000
6312 COMMUNICATION SERVICES	$768	$773	$0	$0	$0
6327 GARBAGE SERVICES	$0	$570	$600	$600	$600
6329 OTHER SERVICES	$8,486	$8,769	$8,500	$8,500	$8,500
6332 TRAVEL AND MEALS	$711	$290	$1,500	$0	$0
6333 DUES AND SUBSCRIPTIONS	$330	$50	$0	$0	$0
6334 AUTOMOBILE ALLOWANCE	$2,400	$2,412	$0	$0	$0
6335 ADVERTISING COST	$3,484	$2,768	$6,500	$4,000	$4,000
6336 EQUIPMENT RENTALS	$1,553	$1,168	$2,500	$2,500	$3,000
6337 TRAINING	$75	$425	$0	$0	$0
6358 OTHER TOURISM EXPENDITURE	$4,328	$4,637	$7,500	$7,500	$7,500
SERVICES AND CHARGES	**$25,810**	**$26,461**	**$33,600**	**$29,500**	**$29,600**
6692 TRANSFER TO EMP. BEN. TRUST	$10,112	$10,382	$0	$0	$0
TRANSFERS	**$10,112**	**$10,382**	**$0**	**$0**	**$0**
TOTAL 2ND SATURDAY EVENTS	**$102,613**	**$107,522**	**$43,900**	**$37,600**	**$37,900**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
HOTEL OCCUPANCY TAX	MARKETING/INFORMATION CENTER	240-243 MARKETING

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES- ADMINISTRATIVE	$79,646	$83,968	$129,821	$130,300	$132,418
6003 WAGES- FULL TIME	$0	$184	$34,362	$35,318	$34,952
6004 WAGES- PART TIME	$11,629	$17,422	$0	$0	$0
6005 WAGES-OVERTIME	$0	$5	$309	$2,500	$1,530
6009 WAGES-OTHER	$3,333	$4,070	$8,794	$7,006	$8,975
6011 VACATION PAY	$3,666	$6,182	$10,239	$7,879	$10,448
6012 SICK PAY	$1,333	$1,448	$7,329	$4,368	$7,479
6015 SICK TIME BUYBACK	$0	$0	$2,329	$2,329	$2,375
6019 MISCELLANEOUS PAY	$400	$460	$835	$835	$1,030
6021 FICA-S.S. AND MEDICARE TAXES	$8,171	$9,232	$16,121	$15,183	$16,539
6022 TMRS-EMPLOYER	$13,090	$14,212	$28,082	$24,882	$28,582
6025 WORKER COMPENSATION INS.	$159	$132	$300	$271	$300
PERSONNEL SERVICES	**$121,427**	**$137,315**	**$238,521**	**$230,871**	**$244,628**
6101 OFFICE AND COMPUTER SUPPLIES	$2,849	$4,520	$5,000	$3,000	$4,000
6105 FOOD SUPPLIES	$879	$1,163	$1,000	$1,000	$1,000
6106 MATERIALS AND PARTS	$210	$111	$0	$0	$0
6107 CLOTHING AND UNIFORMS	$412	$1,283	$1,700	$1,000	$1,500
6109 POSTAGE	$487	$517	$1,500	$500	$1,000
6119 OTHER SUPPLIES	$8,108	$4,769	$6,000	$3,000	$4,000
6130 FURNITURE <$20,000	$0	$779	$0	$0	$0
SUPPLIES	**$12,945**	**$13,142**	**$15,200**	**$8,500**	**$11,500**
6304 PROFESSIONAL SERVICES, OTHER	$32,570	$34,042	$65,000	$30,000	$40,000
6312 COMMUNICATION SERVICES	$873	$1,007	$1,800	$2,350	$2,700
6327 GARBAGE SERVICES	$630	$1,595	$3,500	$3,500	$3,500
6329 OTHER SERVICES	$8,259	$3,449	$12,000	$7,000	$10,000
6332 TRAVEL AND MEALS	$2,579	$6,246	$6,500	$2,000	$3,250
6333 DUES AND SUBSCRIPTIONS	$7,282	$9,884	$15,650	$10,000	$10,000
6334 AUTOMOBILE ALLOWANCE	$4,800	$4,831	$7,200	$7,200	$7,200
6335 ADVERTISING COST	$53,401	$71,330	$75,000	$50,000	$60,000
6336 EQUIPMENT RENTALS	$41,035	$35,653	$50,000	$27,000	$40,000
6337 TRAINING	$581	$605	$3,200	$1,000	$2,400
6358 OTHER TOURISM EXPENDITURES	$3,635	$6,546	$18,000	$4,500	$7,000
SERVICES AND CHARGES	**$155,646**	**$175,187**	**$257,850**	**$144,550**	**$186,050**
6692 TRANSFER TO EMP. BEN. TRUST	$10,112	$10,436	$20,128	$20,128	$20,128
TRANSFERS	**$10,112**	**$10,436**	**$20,128**	**$20,128**	**$20,128**
TOTAL VISITORS/CONVENTION CNTR	**$300,130**	**$336,080**	**$531,699**	**$404,049**	**$462,306**

250 - Red Light Camera Program Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Fines and Warrants	$ 285,755	$ 228,585	$ 165,442	$ 11,000	$ 4,000	$ -
Interest	4,011	5,708	8,551	600	600	-
Total	$ 289,766	$ 234,293	$ 173,994	$ 11,600	$ 4,600	$ -
Expenditures:						
Personnel Costs	$ 18,883	$ 20,708	$ 14,067	$ 21,556	$ 10,568	$ -
Supplies	14,418	16,837	-	-	-	-
Maintenance	24,414	18,548	-	-	-	-
Services and Charges	21,094	34,061	-	-	-	-
Capital	-	-	-	17,300	24,405	-
Transfer to Veh. Repl. Fund	20,000	20,000	20,000	-	-	-
Transfer to Capital Projects Fund	323,541	310,000	-	299,217	327,050	-
Total	$ 422,350	$ 420,154	$ 34,067	$ 338,073	$ 362,023	$ -
Revenues Over (Under) Expenditures	$ (132,586)	$ (185,859)	$ 139,927	$ (326,472)	$ (357,422)	$ -
Beginning Fund Balance	$ 535,941	$ 403,354	$ 217,495	$ 357,422	$ 357,422	$ (0)
Ending Fund Balance	$ 403,354	$ 217,495	$ 357,422	$ 30,950	$ (0)	$ (0)

Automated red light photo enforcement cameras were setup during FY 2008. Four intersections were selected for this initiative with a goal of reducing the number of injury accidents caused by "red light running". By law, the use of the revenues is limited to traffic safety programs, including pedestrian safety programs, public safety programs, intersection improvements, and traffic enforcement.

CITY OF TOMBALL
RED LIGHT CAMERA - 250

	2017	2018	2019	2020	2020	2021
RED LIGHT CAMERA FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5300 MUNICIPAL COURT FINES	285,705	228,535	165,442	11,000	4,000	-
5310 COURT COSTS/ADM.FEES	50	50	-	-	-	-
5800 INTEREST INCOME	4,011	5,708	8,551	600	600	-
TOTAL RED LIGHT CAMERA FUND	**289,766**	**234,293**	**173,994**	**11,600**	**4,600**	**-**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
RED LIGHT CAMERA PROGRAM	POLICE DEPARTMENT	250-121 - POLICE DEPT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6004 WAGES-PART TIME	$18,048	$11,876	$19,467	$8,721	$0
6005 WAGES-OVERTIME	$112	$85	$0	$0	$0
6021 FICA-S.S. AND MEDICARE TAXES	$1,329	$915	$1,489	$667	$0
6025 WORKER COMPENSATION INS.	$1,219	$1,191	$600	$1,180	$0
6026 UNEMPLOYMENT TAXES	$0	$0	$0	$0	$0
PERSONNEL SERVICES	**$20,708**	**$14,067**	**$21,556**	**$10,568**	**$0**
6106 MATERIALS AND PARTS	$11,254	$0	$0	$0	$0
6107 CLOTHING AND UNIFORMS	$1,126	$0	$0	$0	$0
6108 FUEL, OIL AND LUBRICANTS	$478	$0	$0	$0	$0
6119 OTHER SUPPLIES	$3,979	$0	$0	$0	$0
SUPPLIES	**$16,837**	**$0**	**$0**	**$0**	**$0**
6205 VEHICLE MAINTENANCE	$18,548	$0	$0	$0	$0
REPAIRS AND MAINTENANCE	**$18,548**	**$0**	**$0**	**$0**	**$0**
6304 PROFESSIONAL SERVICES, OTHER	$14,684	$0	$0	$0	$0
6330 INSURANCE	$13,671	$0	$0	$0	$0
6337 TRAINING	$5,706	$0	$0	$0	$0
SERVICES AND CHARGES	**$34,061**	**$0**	**$0**	**$0**	**$0**
6403 MACHINERY AND EQUIPMENT	$0	$0	$17,300	$24,405	$0
CAPITAL OUTLAY	**$0**	**$0**	**$17,300**	**$24,405**	**$0**
6998 TRANSFER TO FLEET REPLACEMENT	$20,000	$20,000	$0	$0	$0
6999 TRANSFER TO CAPITAL PROJ. FUND	$310,000	$0	$299,217	$327,050	$0
TRANSFERS	**$330,000**	**$20,000**	**$299,217**	**$327,050**	**$0**
TOTAL - POLICE DEPT	**$420,154**	**$34,067**	**$338,073**	**$362,023**	**$0**

260 - General Special Revenue Fund - Child Safety

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projected	FY 2021 Budget
Revenues:						
Child Safety	$ -	$ -	$ -	$ 13,000	$ 13,000	$ 13,000
Interest	-	-	-	750	750	750
Other	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 13,750	$ 13,750	$ 13,750
Expenditures:						
Supplies	$ -	$ -	$ -	$ -	$ -	$ -
Services and Charges	-	-	-	13,000	5,000	10,000
Maintenance	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 13,000	$ 5,000	$ 10,000
Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ 750	$ 8,750	$ 3,750
Beginning Fund Balance	$ -	$ -	$ -	$ 127,761	$ 127,761	$ 136,511
Ending Fund Balance	$ -	$ -	$ 127,761	$ 128,511	$ 136,511	$ 140,261

Fund Description

Child Safety Fees are received through the Harris County Tax Assessor/Collector. These fees represent a portion of each citation written by the Tomball Police Department. The State of Texas allocates a percentage of each court fee to the Child Safety Program and is remitted back to the municipality to be used for educational material for children, coloring books, pencils, goody bags, etc and are distributed at various community events each year.

CITY OF TOMBALL
SPECIAL REVENUE FUND - CHILD SAFETY - 260

	2017	2018	2019	2020	2020	2021
GENERAL SPECIAL FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5790 CHILD SAFETY FUND	-	-	-	13,000	13,000	13,000
5800 INTEREST	-	-	-	750	750	750
TOTAL GENERAL SPECIAL FUND	-	-	-	13,750	13,750	13,750

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL SPECIAL FUND	CHILD SAFETY FUND	260-222 CHILD SAFETY FUND

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6350 CHILD SAFETY EDUCATION	$0	$0	$13,000	$5,000	$10,000
SERVICES AND CHARGES	**$0**	**$0**	**$13,000**	**$5,000**	**$10,000**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL CHILD SAFETY FUND	**$0**	**$0**	**$13,000**	**$5,000**	**$10,000**

290 - Tomball Fun Runs Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Event Revenue	$ 23,325	$ 16,566	$ 27,196	$ 23,000	$ 48,000	$ 15,000
Interest	5	135	122	200	200	200
Total	$ 23,330	$ 16,701	$ 27,318	$ 23,200	$ 48,200	$ 15,200
Expenditures:						
Supplies	$ 8,040	$ 5,519	$ 5,009	$ 7,200	$ 2,317	$ 6,000
Services and Charges	17,368	9,333	13,753	14,500	60,609	15,000
Total	$ 25,408	$ 14,853	$ 18,761	$ 21,700	$ 62,926	$ 21,000
Revenues Over (Under) Expenditures	$ (2,078)	$ 1,848	$ 8,556	$ 1,500	$ (14,726)	$ (5,800)
Beginning Fund Balance	$ 17,239	$ 15,161	$ 17,010	$ 25,566	$ 25,566	$ 10,840
Ending Fund Balance	$ 15,161	$ 17,010	$ 25,566	$ 27,066	$ 10,840	$ 5,040
						24%

CITY OF TOMBALL
FUN RUN FUND - 290

	2017	2018	2019	2020	2020	2021
FUN RUN FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5555 EVENT SPONSORSHIP REVENUE	13,955	7,850	4,100	5,000	38,000	5,000
5556 EVENT REGISTRATION FEE	9,370	8,716	23,096	18,000	10,000	10,000
5800 INTEREST INCOME	5	135	122	200	200	200
TOTAL FUN RUN FUND	**23,330**	**16,701**	**27,318**	**23,200**	**48,200**	**15,200**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
TOMBALL "FUN RUNS"	FUN RUNS	290-290 FUN RUNS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6101 OFFICE SUPPLIES	$0	$0	$200	$0	$0
6119 OTHER SUPPLIES	$5,519	$5,009	$7,000	$2,317	$6,000
SUPPLIES	**$5,519**	**$5,009**	**$7,200**	**$2,317**	**$6,000**
6329 OTHER SERVICES	$9,333	$13,753	$8,500	$60,609	$10,000
6335 ADVERTISING COST	$0	$0	$6,000	$0	$5,000
SERVICES AND CHARGES	**$9,333**	**$13,753**	**$14,500**	**$60,609**	**$15,000**
TOTAL FUN RUNS	**$14,853**	**$18,761**	**$21,700**	**$62,926**	**$21,000**

300 Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
2020-2021 Proposed Budget

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Budget	FY2020 Projection	FY2021 Budget
Revenues:							
Current taxes	$ 3,741,118	$ 3,953,733	$ 4,229,313	$ 4,266,244	$ 4,550,000	$ 4,703,210	$ 4,750,000
Delinquent taxes	50,601	50,271	85,766	(107,614)	60,000	60,000	60,000
Penalty and interest	26,772	36,425	50,916	39,522	30,000	30,000	30,000
Interest	14,350	36,555	77,006	100,406	70,000	70,000	70,000
TEDC Contributions	528,013	530,913	533,612	536,113	533,463	755,685	757,885
Total Revenues	$ 4,360,854	$ 4,607,894	$ 4,976,611	$ 4,834,669	$ 5,243,463	$ 5,618,895	$ 5,667,886
Expenditures:							
Principal	$ 2,216,750	$ 3,048,250	$ 3,249,250	$ 2,990,250	$ 3,016,250	$ 5,794,337	$ 2,615,972
Interest	811,986	1,249,301	1,443,281	1,367,451	1,287,013	1,090,385	1,019,318
Loan Payment- Fire Truck	68,858	71,123	73,463	586,556	130,000	130,000	130,000
Fees	10,163	11,780	13,380	11,583	14,000	14,000	14,000
Total Expenditures	$ 3,107,757	$ 4,380,454	$ 4,779,374	$ 4,955,840	$ 4,447,263	$ 7,028,722	$ 3,779,290
Revenues Over/(Under) Expenditures	$ 1,253,095	$ 227,439	$ 197,237	$ (121,170)	$ 796,200	$ (1,409,827)	$ 1,888,595
Beginning Fund Balance	$ 3,081,703	$ 4,334,798	$ 4,562,240	$ 4,759,479	$ 4,638,309	$ 4,638,309	$ 3,228,482
Ending Fund Balance	$ 4,334,798	$ 4,562,240	$ 4,759,479	$ 4,638,309	$ 5,434,508	$ 3,228,482	$ 5,117,077

CITY OF TOMBALL DEBT SERVICE FUND - 300						
	2017	2018	2019	2020	2020	2021
DEBT SERVICE FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5110 CURRENT TAXES	3,953,733	4,229,313	4,266,244	4,550,000	4,703,210	4,750,000
5120 DELINQUENT TAXES	50,271	85,766	(107,614)	60,000	60,000	60,000
5130 PENALTY,INTEREST, ATTY FEES	38,941	59,473	36,599	30,000	30,000	30,000
5800 INTEREST INCOME	36,555	77,006	100,406	70,000	70,000	70,000
5801 UNREALIZED GAIN ON INVESTMENTS	(2,516)	(8,557)	2,923	-	-	-
5770 TEDC CONTRIBUTIONS	530,913	533,612	536,113	533,463	755,685	757,885
TOTAL DEBT SERVICE FUND	**4,607,897**	**4,976,613**	**4,834,670**	**5,243,463**	**5,618,895**	**5,667,885**

CITY OF TOMBALL

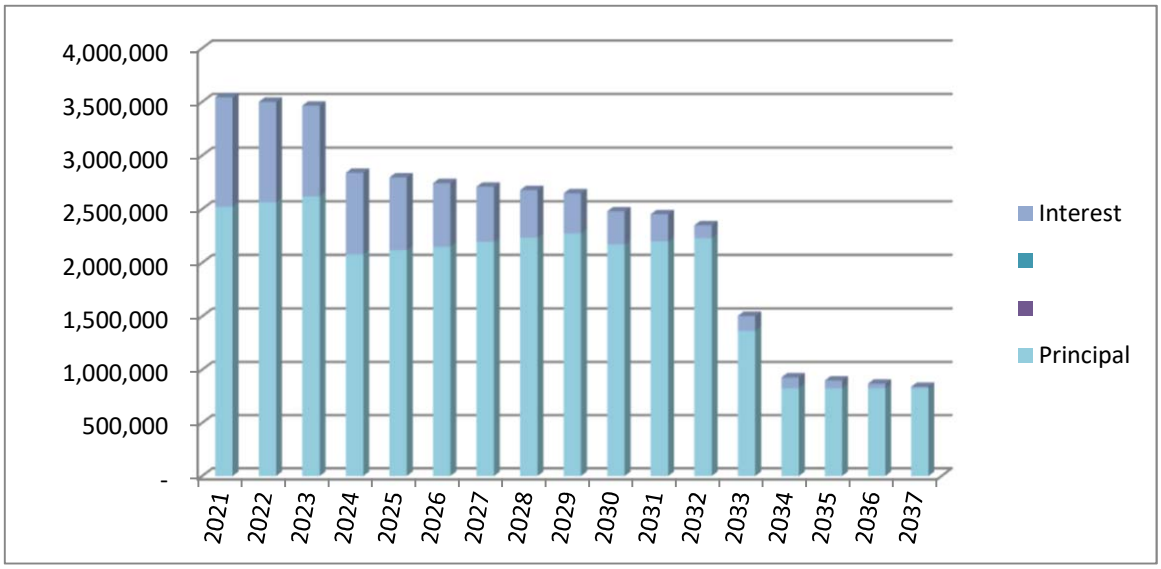
FUND	DEPARTMENT	DIVISION
DEBT SERVICE FUND	DEBT SERVICE	300-300 DEBT SERVICE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
SERVICES AND CHARGES	**$0**	**$0**	**$0**	**$0**	**$0**
TRANSFERS	**$0**	**$0**	**$0**	**$0**	**$0**
6901 INTEREST-BONDS	$1,443,281	$1,367,451	$1,287,013	$1,090,385	$1,019,318
6906 BOND FEES AND COST	$13,380	$11,583	$14,000	$14,000	$14,000
6907 MISCELLANEOUS BOND FEES	$0	$0	$0	$0	$0
6911 PRINCIPAL-BONDS	$3,249,250	$2,990,250	$3,016,250	$5,794,337	$2,615,972
6915 CAPITAL LEASE PAYMENTS	$73,463	$586,556	$130,000	$130,000	$130,000
DEBT	**$4,779,374**	**$4,955,840**	**$4,447,263**	**$7,028,722**	**$3,779,290**
TOTAL DEBT SERVICE	**$4,779,374**	**$4,955,840**	**$4,447,263**	**$7,028,722**	**$3,779,290**

City of Tomball
Debt Service Fund
Consolidated Debt Payment Schedule
2020-2021 Annual Budget

Fiscal Year	Principal	Interest	Total
2021	2,523,750	1,019,318	3,543,068
2022	2,563,750	935,889	3,499,639
2023	2,618,750	846,282	3,465,032
2024	2,078,750	759,764	2,838,514
2025	2,118,750	676,682	2,795,432
2026	2,149,500	592,406	2,741,906
2027	2,194,500	514,506	2,709,006
2028	2,234,500	442,763	2,677,263
2029	2,274,500	373,208	2,647,708
2030	2,169,500	309,834	2,479,334
2031	2,199,500	252,978	2,452,478
2032	2,229,500	119,998	2,349,498
2033	1,364,500	140,020	1,504,520
2034	824,500	103,063	927,563
2035	824,500	74,205	898,705
2036	824,500	44,832	869,332
2037	824,500	14,944	839,444
Total	$ 32,017,750	$ 7,220,692	$ 39,238,442



City of Tomball
General Obligation Refunding Bonds, Series 2013
$6,370,000 - Tax Supported 90.59%, Utility System 9.41%*
Issue Date : January 1, 2013
Closing Date: January 17, 2013
Refunded Series 2002 Certificates of Obligation (Unrefunded portion of original issue) and Series 2003 Certificates of Obligation

Fiscal Year	Payment Date	Principal	Coupon	Interest	Total P & I	Fiscal Year Total
2021	2/15/2021	550,000	1.400%	12,975	562,975	
	8/15/2021			9,125	9,125	572,100
2022	2/15/2022	560,000	1.550%	9,125	569,125	
	8/15/2022			4,785	4,785	573,910
2023	2/15/2023	580,000	1.650%	4,785	584,785	584,785
Total		$ 1,690,000		$ 40,795	$ 1,730,795	$ 1,730,795

*Tax supported 100% 2015 to 2023

City of Tomball
Combination Tax & Revenue Certificates of Obligation, Series 2013
$ 8,500,000 - Tax Supported 100%
Issue Date : May 15, 2013
Sale Date: May 23, 2013
Project: Business Park

Fiscal Year	Payment Date	Principal	Coupon	Interest	Total P & I	Fiscal Year Total
2021	2/15/2021	395,000	2.000%	72,306	467,306	
	8/15/2021			68,356	68,356	535,663
2022	2/15/2022	405,000	2.000%	68,356	473,356	
	8/15/2022			64,306	64,306	537,663
2023	2/15/2023	415,000	2.000%	64,306	479,306	
	8/15/2023			60,156	60,156	539,463
2024	2/15/2024	430,000	2.000%	60,156	490,156	
	8/15/2024			55,856	55,856	546,013
2025	2/15/2025	440,000	2.000%	55,856	495,856	
	8/15/2025			51,456	51,456	547,313
2026	2/15/2026	450,000	2.000%	51,456	501,456	
	8/15/2026			46,956	46,956	548,413
2027	2/15/2027	460,000	2.250%	46,956	506,956	
	8/15/2027			41,781	41,781	548,738
2028	2/15/2028	470,000	2.250%	41,781	511,781	
	8/15/2028			36,494	36,494	548,275
2029	2/15/2029	485,000	2.500%	36,494	521,494	
	8/15/2029			30,431	30,431	551,925
2030	2/15/2030	495,000	2.750%	30,431	525,431	
	8/15/2030			23,625	23,625	549,056
2031	2/15/2031	510,000	3.000%	23,625	533,625	
	8/15/2031			15,975	15,975	549,600
2032	2/15/2032	525,000	3.000%	15,975	540,975	
	8/15/2032			8,100	8,100	549,075
2033	2/15/2033	540,000	3.000%	8,100	548,100	548,100
Total		$ 6,020,000		$ 1,079,294	$ 7,099,294	$ 7,099,294

City of Tomball
Combination Tax & Revenue Certificates of Obligation, Series 2016
$20,240,000 - Tax Supported 100%
Issue Date : 12/15/2016
Sale Date: 12/20/16
Projects: Medical Complex Drive Segment 4B; Persimmon Street
85% Debt Service/15% Enterprise

Fiscal Year	Payment Date	Principal	Coupon	Interest	Total P & I	Fiscal Year Total
2021	2/15/2021	828,750.00	4.000%	268,988	1,097,738	
	8/15/2021			252,413	252,413	1,350,151
2022	2/15/2022	828,750.00	5.000%	252,413	1,081,163	
	8/15/2022			231,694	231,694	1,312,857
2023	2/15/2023	828,750.00	5.000%	231,694	1,060,444	
	8/15/2023			210,975	210,975	1,271,419
2024	2/15/2024	828,750.00	5.000%	210,975	1,039,725	
	8/15/2024			190,257	190,257	1,229,982
2025	2/15/2025	828,750.00	5.000%	190,257	1,019,007	
	8/15/2025			169,538	169,538	1,188,544
2026	2/15/2026	824,500.00	5.000%	169,538	994,038	
	8/15/2026			148,925	148,925	1,142,963
2027	2/15/2027	824,500.00	3.000%	148,925	973,425	
	8/15/2027			136,558	136,558	1,109,983
2028	2/15/2028	824,500.00	3.000%	136,558	961,058	
	8/15/2028			124,190	124,190	1,085,248
2029	2/15/2029	824,500.00	3.000%	124,190	948,690	
	8/15/2029			111,823	111,823	1,060,513
2030	2/15/2030	824,500.00	3.000%	111,823	936,323	
	8/15/2030			99,455	99,455	1,035,778
2031	2/15/2031	824,500.00	3.125%	99,455	923,955	
	8/15/2031			86,573	86,573	1,010,528
2032	2/15/2032	824,500.00	3.250%	86,573	911,073	
	8/15/2032			73,174	73,174	984,247
2033	2/15/2033	824,500.00	3.500%	73,174	897,674	
	8/15/2033			58,746	58,746	956,420
2034	2/15/2034	824,500.00	3.500%	58,746	883,246	
	8/15/2034			44,317	44,317	927,563
2035	2/15/2035	824,500.00	3.500%	44,317	868,817	
	8/15/2035			29,888	29,888	898,705
2036	2/15/2036	824,500.00	3.625%	29,888	854,388	
	8/15/2036			14,944	14,944	869,332
2037	2/15/2037	824,500.00	3.625%	14,944	839,444	839,444
Total		$ 14,037,750		$ 4,235,927	$ 18,273,677	$ 18,273,677

City of Tomball
Combination Tax & Revenue Certificates of Obligation, Series 2019
$9,100,000 - Tax Supported 100%
Issue Date : 12/20/2019
Sale Date: 1[illegible] 12/20/2019
Refunded Series 2011 Certificates of Obligation (Unrefunded portion of original issue)
& Series 2011 General Obligation Refunding Bonds

Fiscal Year	Payment Date	Principal	Coupon	Interest	Total P & I	Fiscal Year Total
2020	2/15/2020			46,574	46,574	
	8/15/2020			152,425	152,425	198,999
2021	2/15/2021	620,000.00	4.000%	152,425	772,425	
	8/15/2021			140,025	140,025	912,450
2022	2/15/2022	640,000.00	4.000%	140,025	780,025	
	8/15/2022			127,225	127,225	907,250
2023	2/15/2023	665,000.00	4.000%	127,225	792,225	
	8/15/2023			113,925	113,925	906,150
2024	2/15/2024	690,000.00	4.000%	113,925	803,925	
	8/15/2024			100,125	100,125	904,050
2025	2/15/2025	720,000.00	4.000%	100,125	820,125	
	8/15/2025			85,725	85,725	905,850
2026	2/15/2026	745,000.00	4.000%	85,725	830,725	
	8/15/2026			70,825	70,825	901,550
2027	2/15/2027	780,000.00	4.000%	70,825	850,825	
	8/15/2027			55,225	55,225	906,050
2028	2/15/2028	810,000.00	4.000%	55,225	865,225	
	8/15/2028			39,025	39,025	904,250
2029	2/15/2029	835,000.00	3.000%	39,025	874,025	
	8/15/2029			26,500	26,500	900,525
2030	2/15/2030	850,000.00	2.000%	26,500	876,500	
	8/15/2030			18,000	18,000	894,500
2031	2/15/2031	865,000.00	2.000%	18,000	883,000	
	8/15/2031			9,350	9,350	892,350
2032	2/15/2032	880,000.00	2.125%	9,350	889,350	
	8/15/2032				-	889,350
Total		$ 9,100,000		$ 1,923,324	$ 11,023,324	$ 11,023,324

City of Tomball
2019 Lease Purchase- Pierce Velocity Fire Truck
Issue Date : September 27, 2018

Fiscal Year	Payment Date	Principal	Coupon	Interest	Total P & I	Fiscal Year Total
2021	11/1/2020	130,000	3.650%	42,705	172,705	172,705
2022	11/1/2021	130,000	3.650%	37,960	167,960	167,960
2023	11/1/2022	130,000	3.650%	33,215	163,215	163,215
2024	11/1/2023	130,000	3.650%	28,470	158,470	158,470
2025	11/1/2024	130,000	3.650%	23,725	153,725	153,725
2026	11/1/2025	130,000	3.650%	18,980	148,980	148,980
2027	11/1/2026	130,000	3.650%	14,235	144,235	144,235
2028	11/1/2027	130,000	3.650%	9,490	139,490	139,490
2029	11/1/2028	130,000	3.650%	4,745	134,745	134,745
Total		$ 1,170,000		$ 213,525	$ 1,383,525	$ 1,383,525

City of Tomball
400 Capital Projects Fund
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Transfers from General Fund	$ 1,980,000	$ 1,490,000	$ 1,249,500	$ 590,000	$ 420,000	$ 546,012
Transfers from Enterprise Fund	$ 1,229,505	$ 655,000	$ 2,081,442	$ 150,000	$ 139,000	$ 170,000
Transfers from Other Sources	$ 1,789,524	$ 310,000	$ 353,744	$ 1,099,217	$ 1,261,050	$ -
Certificates of Obligation	$ 21,146,430	$ -	$ -	$ -	$ -	$ -
Other Revenue Sources	$ -	$ 7,653	$ -	$ -	$ -	$ -
Interest	$ 296,907	$ 622,487	$ 794,028	$ 1,000,000	$ 600,000	$ 650,000
Total	$ 26,442,366	$ 3,085,140	$ 4,478,714	$ 2,839,217	$ 2,420,050	$ 1,366,012
Expenditures:						
Capital Outlay - General Fund	$ 2,555,829	$ 3,554,263	$ 2,330,086	$ 3,884,572	$ 10,565,665	$ 10,159,198
Capital Outlay - Enterprise Fund	-	2,625,624	(42,171)	850,000	348,616	63,950
Debt Service	396,430	-	-	-	-	-
Capital Outlay - Drainage	-	-	-	-	-	-
Total	$ 2,952,259	$ 6,179,886	$ 2,287,915	$ 4,734,572	$ 10,914,281	$ 10,223,148
Revenues Over (Under) Expenditures	$ 23,490,107	$ (3,094,746)	$ 2,190,799	$ (1,895,355)	$ (8,494,231)	$ (8,857,136)
Beginning Fund Balance	$ 12,460,282	$ 35,950,389	$ 32,855,643	$ 35,046,442	$ 35,046,442	$ 26,552,211
Ending Fund Balance	$ 35,950,389	$ 32,855,643	$ 35,046,442	$ 33,151,087	$ 26,552,211	$ 17,695,075

CITY OF TOMBALL CAPITAL PROJECTS FUND - 400						
	2017	2018	2019	2020	2020	2021
CAPITAL PROJECTS	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5740 GRANTS	-	-	258,320	-	-	-
5770 TEDC CONTRIBUTIONS	-	-	-	-	-	-
5800 INTEREST INCOME	296,907	622,487	794,028	1,000,000	600,000	650,000
5801 UNREALIZED GAIN ON INVESTMENTS	-	(2,747)	9,582	-	-	-
5820 DRAINAGE CAPITAL RECOVERY FEES	-	-	191,846	-	-	-
5830 DEVELOPER RECOVERY FEES	-	10,400	-	-	-	-
5900 DEBT PROCEEDS	20,234,743	-	-	-	-	-
5901 PREMIUM ON BONDS	911,687	-	-	-	-	-
5910 TRANSFER FROM GENERAL FUND	1,980,000	1,490,000	1,249,500	590,000	420,000	546,012
5911 TRANSFER FROM UTILITY FUND	1,229,505	655,000	2,081,442	150,000	139,000	170,000
5961 TRANSFERS IN	1,789,524	**310,000**	353,744	1,099,217	1,261,050	-
TOTAL CAPITAL PROJECTS	**26,442,366**	**3,085,140**	**4,938,462**	**2,839,217**	**2,420,050**	**1,366,012**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	RED LIGHT	400-121 - RED LIGHT

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6409 SYSTEM EXPANSION	$135,584	$312,990	$0	$299,217	$8,700	$0
CAPITAL OUTLAY	**$135,584**	**$312,990**	**$0**	**$299,217**	**$8,700**	**$0**
TOTAL GENERAL-RED LIGHT	**$135,584**	**$312,990**	**$0**	**$299,217**	**$8,700**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	GENERAL-PARKS	400-153 - PARKS

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6409 SYSTEM EXPANSION	$201,296	$923,525	$407,061	$865,355	$699,357	$0
CAPITAL OUTLAY	**$201,296**	**$923,525**	**$407,061**	**$865,355**	**$699,357**	**$0**
TOTAL GENERAL-PARKS	**$201,296**	**$923,525**	**$407,061**	**$865,355**	**$699,357**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	GENERAL-STREETS	400-154 GENERAL-STREETS

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
SERVICES AND CHARGES	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
6409 SYSTEM EXPANSION	$2,218,949	$2,317,748	$1,923,025	$2,720,000	$9,857,608	$10,159,198
CAPITAL OUTLAY	**$2,218,949**	**$2,317,748**	**$1,923,025**	**$2,720,000**	**$9,857,608**	**$10,159,198**
TOTAL GENERAL-STREETS	**$2,218,949**	**$2,317,748**	**$1,923,025**	**$2,720,000**	**$9,857,608**	**$10,159,198**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	DEBT SERVICE	400-300 DEBT SERVICE

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6906 BOND FEES AND COST	$396,430	$0	$0	$0	$0	$0
DEBT	**$396,430**	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL DEBT SERVICE	**$396,430**	**$0**	**$0**	**$0**	**$0**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	UTILITY-WATER	400-613 UTILITY-WATER

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6304 PROF.SERV.-OTHER	$0	$1,300	$0	$0	$0	$0
SERVICES AND CHARGES	**$0**	**$1,300**	**$0**	**$0**	**$0**	**$0**
6409 SYSTEM EXPANSION	$0	$207,422	($42,171)	$0	$29,234	$0
CAPITAL OUTLAY	**$0**	**$207,422**	**($42,171)**	**$0**	**$29,234**	**$0**
TOTAL UTILITY-WATER	**$0**	**$208,722**	**($42,171)**	**$0**	**$29,234**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	UTILITY-SEWER	400-614 UTILITY-SEWER

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2019 ESTIMATED	2021 BUDGET
6304 PROFESSIONAL SERVICES,OTHER		$0	$0	$0	$0	$0
SERVICES AND CHARGES	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
6409 SYSTEM EXPANSION	$0	$2,418,202	$0	$850,000	$319,382	$63,950
CAPITAL OUTLAY	**$0**	**$2,418,202**	**$0**	**$850,000**	**$319,382**	**$63,950**
TOTAL UTILITY-SEWER	**$0**	**$2,418,202**	**$0**	**$850,000**	**$319,382**	**$63,950**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	UTILITY-GAS	400-615 UTILITY-GAS

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2019 ESTIMATED	2021 BUDGET
6304 PROF.SERV.-OTHER	$0	$0	($382)	$0	$0	$0
SERVICES AND CHARGES	**$0**	**$0**	**($382)**	**$0**	**$0**	**$0**
6409 SYSTEM EXPANSION	$0	$947	$444	$0	$0	$0
CAPITAL OUTLAY	**$0**	**$947**	**$444**	**$0**	**$0**	**$0**
TOTAL UTILITY-GAS	**$0**	**$947**	**$62**	**$0**	**$0**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	WATER CAPITAL RECOVERY	400-731 WATER RECOVERY

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6304 PROF.SERV.-OTHER	$0	$0	$23,229	$400,000	$0	$0
SERVICES AND CHARGES	**$0**	**$0**	**$23,229**	**$400,000**	**$0**	**$0**
6409 SYSTEM EXPANSION	$0	$0	$0	$0	$259,003	$0
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$259,003**	**$0**
TOTAL WATER CAPITAL RECOVERY	**$0**	**$0**	**$23,229**	**$400,000**	**$259,003**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
GENERAL CAPITAL PROJECTS	SEWER CAPITAL RECOVERY	400-741 SEWER RECOVERY

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6304 PROF.SERV.-OTHER	$0	$0	$20,576	$400,000	$0	$0
SERVICES AND CHARGES	**$0**	**$0**	**$20,576**	**$400,000**	**$0**	**$0**
6409 SYSTEM EXPANSION	$0	$947	$0	$0	$259,003	$0
CAPITAL OUTLAY	**$0**	**$947**	**$0**	**$0**	**$259,003**	**$0**
TOTAL SEWER CAPITAL RECOVERY	**$0**	**$947**	**$20,576**	**$400,000**	**$259,003**	**$0**

City of Tomball
460-Capital Projects Fund - Business Park
2020-2021 Proposed Budget

	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:							
Transfers	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Certificates of Obligation	-	-	-	-	-	-	-
Premium on Bonds	-	-	-	-	-	-	-
Interest	16,558	13,264	16,588	13,216	30,000	20,000	15,000
Total	$ 16,558	$ 13,264	$ 16,588	$ 13,216	$ 30,000	$ 20,000	$ 15,000
Expenditures:							
Capital Outlay	$ 5,636,263	$ 125,642	$ -	$ -	$ -	$ -	$ -
Bond Fees and Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 5,636,263	$ 125,642	$ -	$ -	$ -	$ -	$ -
Revenues Over (Under) Expenditures	$ (5,619,705)	$ (112,378)	$ 16,588	$ 13,216	$ 30,000	$ 20,000	$ 15,000
Beginning Fund Balance	$ 6,655,120	$ 1,035,415	$ 923,037	$ 939,625	$ 952,841	$ 952,841	$ 972,841
Ending Fund Balance	$ 1,035,415	$ 923,037	$ 939,625	$ 952,841	$ 982,841	$ 972,841	$ 987,841

CITY OF TOMBALL BUSINESS PARK PROJECTS FUND - 460						
	2017	2018	2019	2020	2020	2021
BUSINESS PARK PROJECTS	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5800 INTEREST INCOME	13,264	16,588	13,216	30,000	20,000	15,000
TOTAL BUSINESS PARK PROJECTS	**13,264**	**16,588**	**13,216**	**30,000**	**20,000**	**15,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
BUSINESS PARK	TEDC BUSINESS PARK	460-460 TEDC BUSINESS PARK

DETAILS

LINE ITEMS	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 PROJECTION	2021 BUDGET
6409 SYSTEM EXPANSION	$125,642	$33,435	$0	$0	$0	$0
CAPITAL OUTLAY	**$125,642**	**$33,435**	**$0**	**$0**	**$0**	**$0**
DEBT	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL TEDC BUSINESS PARK	**$125,642**	**$33,435**	**$0**	**$0**	**$0**	**$0**

Enterprise Fund - 600

Statement of Revenues, Expenditures, and Changes in Fund Balance
2020-2021 Proposed Budget

	FY2017 Actuals	FY2018 Actuals	FY2019 Actuals	FY2020 Budget	FY2020 Projections	FY2021 Budget
Operating Revenues:						
Water sales	$ 5,092,916	$ 5,347,170	$ 5,421,905	$ 5,000,000	$ 5,500,000	$ 5,500,000
Sewer sales	2,434,143	2,405,689	2,258,881	2,500,000	2,250,000	2,475,000
Gas sales	2,655,884	3,139,726	3,178,622	3,400,000	3,100,000	3,100,000
Tap fees	129,410	290,770	204,035	205,000	355,000	240,000
Reconnect fees	26,681	18,403	12,757	25,000	5,000	10,000
Interest	60,912	103,484	175,224	140,000	100,000	150,000
Contributions	558,148	558,148	558,148	370,000	370,000	370,000
Other	142,892	198,990	204,870	191,750	157,350	157,350
Total Operating Revenues	$ 11,100,984	$ 12,062,380	$ 12,014,440	$ 11,831,750	$ 11,837,350	$ 12,002,350
Expenses:						
Enterprise Administration	$ 3,333,064	$ 3,356,260	$ 5,186,881	$ 3,645,830	$ 3,653,899	$ 3,837,293
Utility Billing	275,695	343,111	322,713	361,541	387,767	401,482
Water	3,032,640	3,668,770	3,891,522	3,941,730	4,096,270	4,456,600
Wastewater	2,777,501	2,041,848	3,246,672	1,629,024	1,583,357	1,632,845
Gas	1,353,339	1,589,411	1,861,313	2,054,638	1,820,130	1,861,572
Total Operating Expenses	$ 10,772,239	$ 10,999,400	$ 14,509,101	$ 11,632,763	$ 11,541,423	$ 12,189,792
Net Revenue Available for Debt	$ 328,745	$ 1,062,980	$ (2,494,661)	$ 198,987	$ 295,927	$ (187,442)
Debt Service	96,284	637,065	60,131	620,135	-	238,262
Total Debt Service	$ 96,284	$ 637,065	$ 60,131	$ 620,135	$ -	$ 238,262
Net Income (Excluding Depr.)	$ 232,462	$ 425,915	$ (2,554,792)	$ (421,148)	$ 295,927	$ (425,704)
Beginning Fund Balance	$ 10,052,330	$ 10,284,791	$ 10,710,706	$ 8,155,915	$ 8,155,915	$ 8,451,842
Ending Fund Balance	$ 10,284,791	$ 10,710,706	$ 8,155,915	$ 7,734,766	$ 8,451,842	$ 8,026,138
Operating Costs per Day						
Fund Balance as % of Operating Costs	95%	97%	56%	66%	73%	66%

CITY OF TOMBALL ENTERPRISE FUND - 600						
	2017	2018	2019	2020	2020	2021
ENTERPRISE FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5500 SALE OF CITY PROPERTY	11,511	4,417	38,462	40,000	10,000	10,000
5550 MISCELLANEOUS INCOME	1,158	13,837	9,491	5,000	2,500	2,500
5560 RETURNED CHECK FINES	626	504	555	750	350	350
5600 WATER SALES	5,092,916	5,347,170	5,421,905	5,000,000	5,500,000	5,500,000
5610 WATER TAPS	46,640	106,435	59,420	60,000	130,000	90,000
5620 WATER RECONNECT FEES	26,681	18,403	12,757	25,000	5,000	10,000
5630 AMP PLAN BALANCE	(2,021)	(595)	(1,225)	1,000	(500)	(500)
5640 SEWER SALES	2,434,143	2,405,689	2,258,881	2,500,000	2,250,000	2,475,000
5650 SEWER TAPS	30,940	76,930	51,370	60,000	50,000	50,000
5670 GAS SALES	2,655,884	3,139,726	3,178,622	3,400,000	3,100,000	3,100,000
5680 GAS TAPS	51,830	107,405	93,245	85,000	175,000	100,000
5690 PENALTIES	86,379	132,085	109,798	100,000	100,000	100,000
5695 ADMINISTRATIVE CHARGES	47,794	48,607	46,944	45,000	45,000	45,000
5770 TEDC CONTRIBUTIONS	558,148	558,148	558,148	370,000	370,000	370,000
5780 OTHER REIMBURSEMENTS	-	-	46,255	-	-	-
5800 INTEREST INCOME	60,912	103,484	175,224	140,000	100,000	150,000
5961 TRANSFER IN	-	-	-	-	-	-
5801 UNREALIZED GAIN ON INVESTMENTS	(2,555)	135	845	-	-	-
TOTAL ENTERPRISE FUND	**11,100,986**	**12,062,380**	**12,060,697**	**11,831,750**	**11,837,350**	**12,002,350**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	ADMINISTRATIVE	600-611 - ADMINISTRATIVE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$215,640	$204,440	$167,871	$177,562	$171,223
6003 WAGES-FULL TIME	$33,961	$48,905	$97,246	$90,360	$94,310
6005 WAGES-OVERTIME	$1,460	$2,392	$4,120	$4,120	$4,080
6009 WAGES-OTHER	$15,217	$15,298	$14,411	$9,425	$14,298
6011 VACATION PAY	$11,857	$7,827	$19,823	$12,724	$18,050
6012 SICK PAY	$4,455	$9,593	$12,009	$8,411	$11,915
6015 SICK TIME BUYBACK	$0	$0	$3,035	$3,035	$1,698
6019 MISCELLANEOUS PAY	$2,735	$2,900	$2,260	$2,260	$2,505
6021 FICA-MED/SS	$20,434	$22,747	$25,114	$23,574	$25,160
6022 TMRS-EMPLOYER	$38,409	$134,294	$44,934	$43,615	$44,630
6025 WORKER COMPENSATION INS.	$3,255	$2,890	$2,500	$2,789	$2,500
6030 EMPLOYEE TUITION REIMBURSEMENT	$4,000	$1,592	$4,000	$4,000	$4,000
PERSONNEL SERVICES	**$351,423**	**$452,878**	**$397,323**	**$381,875**	**$394,369**
6101 OFFICE AND COMPUTER SUPPLIES	$1,030	$1,225	$2,000	$2,000	$1,600
6102 EDUCATIONAL SUPPLIES	$725	$216	$200	$300	$200
6103 COMPUTER SUPPLIES	$0	$0	$16,500	$16,500	$0
6105 FOOD SUPPLIES	$1,710	$2,872	$1,200	$1,500	$1,500
6107 CLOTHING AND UNIFORMS	$1,293	$1,043	$1,600	$1,300	$1,350
6108 FUEL, OIL AND LUBRICANTS	$1,964	$2,270	$2,500	$2,500	$2,500
6109 POSTAGE	$21	$0	$50	$50	$50
6119 OTHER SUPPLIES	$633	$663	$350	$350	$350
SUPPLIES	**$7,376**	**$8,289**	**$24,400**	**$24,500**	**$7,550**
6201 OFFICE EQUIPMENT MAINTENANCE	$0	$0	$0	$0	$7,500
6203 RADIO EQUIPMENT MAINTENANCE	$0	$0	$300	$0	$0
6205 VEHICLE EQUIPMENT MAINTENANCE	$540	$162	$200	$1,500	$2,000
6206 BUILDING MAINTENANCE	$0	$0	$0	$0	$36,297
REPAIRS AND MAINTENANCE	**$540**	**$162**	**$500**	**$1,500**	**$45,797**
6302 PROFESSIONAL SERVICES,ENGINEER	$44,650	$14,350	$0	$0	$0
6304 PROFESSIONAL SERVICES,OTHER	$0	$11,718	$0	$13,000	$13,000
6312 COMMUNICATION SERVICES	$47,535	$40,877	$40,000	$50,000	$40,000
6320 SOFTWARE SERVICE	$2,539	$0	$0	$0	$0
6329 MISCELLANEOUS SERVICES	$50	$0	$0	$0	$0
6332 TRAVEL AND MEALS	$2,846	$2,241	$2,000	$1,000	$1,000
6333 DUES AND SUBSCRIPTIONS	$463	$165	$200	$600	$600
6334 AUTOMOBILE ALLOWANCES	$6,600	$7,251	$7,200	$7,200	$7,200
6337 TRAINING	$2,294	$3,144	$5,000	$1,000	$3,750
6362 PERMITS AND LICENSES	$333	$0	$275	$300	$500
SERVICES AND CHARGES	**$107,310**	**$79,745**	**$54,675**	**$73,100**	**$66,050**
6402 COMPUTER EQUIPMENT	$0	$0	$1,000	$1,000	$0
6410 DEPRECIATION EXPENSE	$0	$1,475,750	$0	$0	$0
CAPITAL OUTLAY	**$0**	**$1,475,750**	**$1,000**	**$1,000**	**$0**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	ADMINISTRATIVE	600-611 - ADMINISTRATIVE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6691 TRANSFERS OUT	$2,384,166	$2,530,209	$2,603,335	$2,603,335	$2,668,418
6692 TRANSFER TO EMP. BEN. TRUST	$505,445	$542,349	$542,349	$542,349	$542,349
6998 TRANSFER TO FLEET REPLACEMENT	$0	$97,500	$22,248	$26,240	$112,760
TRANSFERS	**$2,889,611**	**$3,170,058**	**$3,167,932**	**$3,171,924**	**$3,323,527**
TOTAL UTILITY-ADMINISTRATIVE	**$3,356,260**	**$5,186,881**	**$3,645,830**	**$3,653,899**	**$3,837,293**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY BILLING	600-612 UTILITY BILLING

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6001 SALARIES-ADMINISTRATIVE	$49,529	$44,186	$44,541	$44,810	$45,419
6003 WAGES-FULL TIME	$116,965	$130,390	$145,008	$178,565	$178,383
6005 WAGES-OVERTIME	$1,435	$1,415	$3,090	$3,500	$4,080
6009 WAGES-OTHER	$9,362	$9,223	$10,620	$6,448	$12,438
6011 VACATION PAY	$7,829	$18,122	$13,041	$9,898	$14,639
6012 SICK PAY	$5,071	$4,566	$8,479	$6,615	$9,986
6015 SICK TIME BUYBACK	$0	$0	$2,017	$1,425	$2,040
6019 MISCELLANEOUS PAY	$1,145	$1,730	$2,015	$2,100	$2,460
6021 FICA-S.S. AND MEDICARE TAXES	$13,431	$15,338	$17,632	$19,228	$20,757
6022 TMRS-EMPLOYER	$25,014	$28,530	$31,548	$34,953	$36,820
6025 WORKER COMPENSATION INS.	$2,613	$2,301	$2,300	$2,175	$2,400
PERSONNEL SERVICES	**$232,394**	**$255,800**	**$280,291**	**$309,717**	**$329,422**
6101 OFFICE AND COMPUTER SUPPLIES	$17,680	$4,390	$3,200	$1,500	$2,560
6105 FOOD SUPPLIES	$114	$12	$100	$100	$100
6106 MATERIALS AND PARTS	$115	$368	$800	$9,000	$800
6107 CLOTHING AND UNIFORMS	$1,325	$1,381	$3,000	$2,000	$2,000
6108 FUEL, OIL AND LUBRICANTS	$1,407	$1,199	$3,500	$1,000	$1,500
6109 POSTAGE	$20,625	$20,342	$22,000	$22,000	$18,000
6119 OTHER SUPPLIES	$483	$288	$250	$250	$250
SUPPLIES	**$41,749**	**$27,980**	**$32,850**	**$35,850**	**$25,210**
6203 RADIO EQUIPMENT MAINTENANCE	$51	$780	$2,000	$1,000	$2,000
6205 VEHICLE MAINTENANCE	$571	$101	$1,000	$500	$1,000
REPAIRS AND MAINTENANCE	**$622**	**$881**	**$3,000**	**$1,500**	**$3,000**
6304 PROFESSIONAL SERVICES,OTHER	$18,652	$19,271	$15,000	$17,000	$17,000
6312 COMMUNICATION SERVICES	$2,613	$1,887	$2,400	$2,500	$2,500
6329 OTHER SERVICES	$17,000	$15,593	$17,000	$17,000	$17,000
6332 TRAVEL AND MEALS	$1,697	$65	$3,600	$1,500	$1,800
6333 DUES AND SUBSCRIPTIONS	$191	$110	$500	$200	$500
6337 TRAINING	$1,200	$904	$3,400	$1,500	$2,550
6362 PERMITS AND LICENSES	$1,992	$222	$3,500	$1,000	$2,500
SERVICES AND CHARGES	**$43,345**	**$38,051**	**$45,400**	**$40,700**	**$43,850**
CAPITAL OUTLAY	**$0**	**$0**	**$0**	**$0**	**$0**
6998 TRANSFER TO FLEET REPLACEMENT	$25,000	$0	$0	$0	$0
TRANSFERS	**$25,000**	**$0**	**$0**	**$0**	**$0**
TOTAL UTILITY BILLING	**$343,111**	**$322,713**	**$361,541**	**$387,767**	**$401,482**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY-WATER	600-613 - WATER

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$243,397	$274,529	$286,134	$291,701	$292,589
6004 WAGES-PART TIME	$9,005	$6,971	$5,150	$10,000	$5,100
6005 WAGES-OVERTIME	$18,663	$14,593	$13,648	$13,648	$13,515
6006 WAGES-ON CALL	$2,297	$26,000	$25,750	$10,300	$25,500
6009 WAGES-OTHER	$11,214	$14,533	$16,904	$10,382	$17,249
6011 VACATION PAY	$12,639	($2,318)	$15,911	$14,823	$16,235
6012 SICK PAY	$7,736	$13,490	$12,757	$10,168	$13,018
6013 EMERGENCY PAY	$636	$0	$0	$0	$0
6015 SICK TIME BUYBACK	$0	$0	$1,484	$563	$2,218
6019 MISCELLANEOUS PAY	$3,305	$2,650	$1,630	$1,630	$2,015
6021 FICA-MED/SS	$21,034	$26,611	$29,136	$26,964	$29,788
6022 TMRS-EMPLOYER	$38,574	$49,589	$51,426	$48,658	$52,148
6025 WORKER COMPENSATION INS.	$9,408	$8,354	$8,200	$7,808	$8,200
6030 EMPLOYEE TUITION REIMBURSEMENT	$0	$0	$8,000	$8,000	$8,000
PERSONNEL SERVICES	**$377,908**	**$435,001**	**$476,130**	**$454,645**	**$485,575**
6101 OFFICE SUPPLIES	$296	$389	$300	$0	$0
6106 MATERIALS AND PARTS	$77,550	$121,801	$175,000	$120,000	$130,000
6107 CLOTHING AND UNIFORMS	$5,328	$5,314	$6,300	$6,300	$6,300
6108 FUEL, OIL AND LUBRICANTS	$14,963	$13,585	$12,000	$13,000	$15,000
6110 CHEMICAL SUPPLIES	$55,209	$57,890	$65,000	$60,000	$60,000
6111 TAP SUPPLIES AND COMPONENTS	$50,875	$0	$0	$0	$0
6119 OTHER SUPPLIES	$10,452	$20,428	$24,300	$18,575	$7,000
SUPPLIES	**$214,673**	**$219,406**	**$282,900**	**$217,875**	**$218,300**
6204 OTHER EQUIPMENT MAINTENANCE	$12,921	$8,064	$8,000	$3,000	$8,000
6205 VEHICLE MAINTENANCE	$4,443	$3,007	$2,000	$3,000	$3,000
6206 BUILDING MAINTENANCE	$8,552	$0	$0	$0	$0
6207 SYSTEM MAINTENANCE	$208,085	$135,778	$175,000	$150,000	$75,000
6219 OTHER MAINTENANCE	$0	$0	$0	$0	$0
REPAIRS AND MAINTENANCE	**$234,001**	**$146,849**	**$185,000**	**$156,000**	**$86,000**
6303 PROFESSIONAL SERVICES,LEGAL	$313	$0	$0	$0	$0
6304 PROFESSIONAL SERVICES,OTHER	$17,508	$8,912	$7,000	$16,000	$15,000
6305 N.HARRIS CTY.REG.WATER AUTH.	$2,431,661	$2,713,427	$2,700,000	$3,000,000	$3,300,000
6312 COMMUNICATION SERVICES	$6,276	$4,388	$5,000	$4,000	$4,000
6313 UTILITIES-ELECTRIC	$162,069	$161,249	$175,000	$175,000	$175,000
6329 OTHER SERVICES	$1,074	$9,000	$8,000	$5,000	$8,000
6332 TRAVEL AND MEALS	$726	$10	$300	$0	$0
6333 DUES AND SUBSCRIPTIONS	$225	$0	$1,100	$1,000	$1,000
6335 ADVERTISING COST	$0	$343	$450	$600	$600
6336 EQUIPMENT RENTALS	$0	$601	$1,000	$0	$1,000
6337 TRAINING	$2,425	$8,224	$5,500	$5,500	$4,125
6361 STUDIES AND ANALYSIS	$7,990	$14,702	$10,000	$11,500	$82,500
6362 PERMITS AND LICENSES	$10,066	$10,987	$15,500	$12,000	$15,000

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY-WATER	600-613 - WATER

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
SERVICES AND CHARGES	**$2,640,333**	**$2,931,844**	**$2,928,850**	**$3,230,600**	**$3,606,225**
6402 COMPUTER EQUIPMENT	$0	$0	$2,000	$2,000	$0
6403 MACHINERY AND EQUIPMENT	$0	$0	$14,650	$10,150	$5,500
6404 RADIO EQUIPMENT	$0	$0	$2,200	$0	$0
6405 VEHICLE EQUIPMENT	$0	$170	$0	$0	$0
6409 SYSTEM EXPANSION	$56,855	$52,453	$50,000	$25,000	$55,000
CAPITAL OUTLAY	**$56,855**	**$52,623**	**$68,850**	**$37,150**	**$60,500**
BAD DEBTS	**$0**	**$0**	**$0**	**$0**	**$0**
6998 TRANSFER TO FLEET REPLACEMENT	$90,000	$0	$0	$0	$0
6999 TRANSFER TO CAPITAL PROJ. FUND	$55,000	$105,798	$0	$0	$0
TRANSFERS	**$145,000**	**$105,798**	**$0**	**$0**	**$0**
TOTAL UTILITY-WATER	**$3,668,770**	**$3,891,522**	**$3,941,730**	**$4,096,270**	**$4,456,600**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY-SEWER	600-614 - SEWER

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$368,886	$371,910	$383,734	$401,435	$393,358
6004 WAGES-PART TIME	$3,678	$8,502	$5,150	$10,000	$5,100
6005 WAGES-OVERTIME	$14,576	$6,074	$15,862	$15,862	$15,708
6006 WAGES-ON CALL	$38,939	$33,813	$25,750	$25,750	$25,500
6009 WAGES-OTHER	$19,980	$21,830	$22,896	$14,259	$23,494
6011 VACATION PAY	$24,260	$48,111	$27,999	$27,486	$29,653
6012 SICK PAY	$21,867	$5,116	$17,280	$11,042	$17,732
6013 EMERGENCY PAY	$802	$8	$0	$1,274	$0
6015 SICK TIME BUYBACK	$0	$0	$5,064	$3,267	$5,275
6019 MISCELLANEOUS PAY	$4,935	$4,245	$4,745	$4,740	$5,340
6022 TMRS-EMPLOYER	$65,390	$63,427	$69,151	$70,973	$70,277
6025 WORKER COMPENSATION INS.	$7,206	$6,611	$7,150	$6,878	$7,150
PERSONNEL SERVICES	**$605,737**	**$603,715**	**$623,824**	**$631,207**	**$638,595**
6101 OFFICE AND COMPUTER SUPPLIES	$517	$766	$500	$0	$0
6105 FOOD SUPPLIES	$34	$36	$100	$0	$0
6106 MATERIALS AND PARTS	$15,016	$34,195	$30,000	$20,000	$30,000
6107 CLOTHING AND UNIFORMS	$5,979	$4,796	$6,550	$6,500	$6,500
6108 FUEL, OIL AND LUBRICANTS	$14,991	$14,236	$15,000	$13,500	$15,000
6109 POSTAGE	$32	$0	$100	$0	$100
6110 CHEMICAL SUPPLIES	$75,125	$75,581	$85,000	$85,000	$85,000
6119 OTHER SUPPLIES	$11,065	$13,113	$32,300	$23,000	$19,000
6203 RADIO EQUIPMENT MAINTENANCE	$0	$0	$300	$300	$300
6204 OTHER EQUIPMENT MAINTENANCE	$15,492	$13,332	$20,000	$15,000	$20,000
6205 VEHICLE MAINTENANCE	$6,980	$6,441	$5,000	$10,000	$6,000
6206 BUILDING MAINTENANCE	$4,962	$45,022	$5,000	$5,000	$5,000
6207 SYSTEM MAINTENANCE	$318,861	$779,824	$250,000	$250,000	$250,000
REPAIRS AND MAINTENANCE	**$346,295**	**$844,619**	**$280,300**	**$280,300**	**$281,300**
6302 PROFESSIONAL SERVICES,ENGINEER	$0	$4,970	$0	$0	$0
6303 PROFESSIONAL SERVICES,LEGAL	$313	$0	$0	$0	$0
6304 PROFESSIONAL SERVICES,OTHER	$11,189	$11,832	$10,000	$20,000	$20,000
6312 COMMUNICATION SERVICES	$3,670	$2,523	$3,000	$3,500	$3,500
6313 UTILITIES-ELECTRIC	$155,847	$153,893	$165,000	$165,000	$165,000
6329 OTHER SERVICES	$63,740	$143,003	$125,000	$125,000	$125,000
6333 DUES AND SUBSCRIPTIONS	$225	$0	$1,500	$100	$100
6335 ADVERTISING COST	$6,197	$0	$0	$0	$0
6336 EQUIPMENT RENTALS	$5,100	$4,240	$4,500	$3,000	$4,500
6337 TRAINING	$1,865	$5,336	$5,000	$6,500	$3,750
6361 STUDIES AND ANALYSIS	$55,369	$53,364	$60,000	$60,000	$60,000
6362 PERMITS AND LICENSES	$34,904	$35,092	$50,000	$45,000	$45,000
SERVICES AND CHARGES	**$338,419**	**$414,251**	**$424,000**	**$428,100**	**$426,850**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY-SEWER	600-614 - SEWER

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6402 COMPUTER EQUIPMENT	$0	$0	$3,000	$3,000	$0
6403 MACHINERY AND EQUIPMENT	$0	$12,720	$51,150	$42,750	$5,500
6404 RADIO EQUIPMENT	$0	$0	$2,200	$0	$0
6409 SYSTEM EXPANSION	$28,637	$25,000	$25,000	$0	$25,000
CAPITAL OUTLAY	**$28,637**	**$37,720**	**$81,350**	**$45,750**	**$30,500**
6998 TRANSFER TO FLEET REPLACEMENT	$0	$0	$0	$0	$0
6999 TRANSFER TO CAPITAL PROJ. FUND	$600,000	$1,203,644	$50,000	$50,000	$100,000
TRANSFERS	**$600,000**	**$1,203,644**	**$50,000**	**$50,000**	**$100,000**
DEBT	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL SEWER	**$2,041,848**	**$3,246,672**	**$1,629,024**	**$1,583,357**	**$1,632,845**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY-GAS	600-615 - GAS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6003 WAGES-FULL TIME	$217,567	$211,482	$241,236	$239,128	$247,533
6004 WAGES-PART TIME	$2,190	$7,155	$5,150	$10,000	$5,100
6005 WAGES-OVERTIME	$14,416	$11,272	$12,360	$12,360	$12,240
6006 WAGES-ON CALL	$24,774	$11,919	$10,300	$25,750	$10,200
6009 WAGES-OTHER	$13,634	$13,081	$14,451	$8,118	$14,775
6011 VACATION PAY	$15,369	$30,298	$18,210	$14,630	$18,601
6012 SICK PAY	$6,172	$19,973	$10,906	$6,993	$11,151
6013 EMERGENCY PAY	$478	$599	$0	$583	$0
6015 SICK TIME BUYBACK	$0	$0	$2,439	$3,320	$3,386
6019 MISCELLANEOUS PAY	$2,800	$3,815	$2,975	$2,975	$3,330
6021 FICA-MED/SS	$20,992	$21,741	$24,471	$24,266	$25,087
6022 TMRS-EMPLOYER	$39,121	$40,216	$43,079	$43,420	$43,808
6025 WORKER COMPENSATION INS.	$3,104	$3,034	$3,410	$3,166	$3,410
PERSONNEL SERVICES	**$360,617**	**$374,584**	**$388,987**	**$394,709**	**$398,621**
6101 OFFICE SUPPLIES	$296	$622	$300	$0	$0
6105 FOOD SUPPLIES	$278	$0	$0	$0	$0
6106 MATERIALS AND PARTS	$81,677	$149,528	$165,000	$120,000	$165,000
6107 CLOTHING AND UNIFORMS	$4,516	$4,599	$4,200	$5,300	$4,950
6108 FUEL, OIL AND LUBRICANTS	$15,045	$11,929	$12,000	$12,000	$12,000
6109 POSTAGE	$441	$535	$500	$500	$500
6110 CHEMICAL SUPPLIES	$0	$4,571	$4,000	$0	$5,000
6111 TAP SUPPLIES AND COMPONENTS	$14,154	$0	$0	$0	$0
6119 OTHER SUPPLIES	$11,853	$25,666	$27,800	$23,000	$15,000
6129 GAS PURCHASES	$945,743	$1,130,013	$1,000,000	$1,000,000	$1,000,000
SUPPLIES	**$1,074,003**	**$1,327,464.31**	**$1,213,800**	**$1,160,800**	**$1,202,450**
6203 RADIO EQUIPMENT MAINTENANCE	$0	$0	$0	$170	$200
6204 OTHER EQUIPMENT MAINTENANCE	$10,855	$43,197	$43,000	$4,000	$4,000
6205 VEHICLE MAINTENANCE	$1,915	$3,677	$2,500	$2,500	$3,000
6207 SYSTEM MAINTENANCE	$83,285	$64,168	$160,000	$60,000	$60,000
6219 OTHER MAINTENANCE	$99	$0	$0	$0	$0
REPAIRS AND MAINTENANCE	**$96,154**	**$111,042**	**$205,500**	**$66,670**	**$67,200**
6304 PROFESSIONAL SERVICES,OTHER	$18,101	$11,515	$30,000	$45,000	$15,000
6312 COMMUNICATION SERVICES	$2,740	$2,485	$2,700	$4,000	$3,000
6313 UTILITIES-ELECTRIC	$1,431	$1,663	$1,800	$1,800	$1,800
6322 INSPECTION SERVICES	$0	$0	$4,000	$4,000	$4,000
6329 OTHER SERVICES	$5,602	$6,668	$5,000	$5,000	$5,000
6333 DUES AND SUBSCRIPTIONS	$4,591	$4,415	$1,500	$1,500	$1,500
6335 ADVERTISING COST	$7,221	$8,056	$7,000	$7,000	$7,000
6336 EQUIPMENT RENTALS	$710	$212	$1,500	$1,500	$1,500
6337 TRAINING	$14,872	$5,960	$28,000	$18,000	$21,000

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	UTILITY-GAS	600-615 - GAS

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6361 STUDIES AND ANALYSIS	$0	$4,300	$3,000	$1,000	$3,000
6362 PERMITS AND LICENSES	$3,370	$2,950	$3,000	$3,000	$3,000
SERVICES AND CHARGES	**$58,638**	**$48,223**	**$87,501**	**$91,801**	**$65,801**
6402 COMPUTER EQUIPMENT	$0	$0	$3,000	$3,000	$0
6403 MACHINERY AND EQUIPMENT	$0	$0	$23,650	$14,150	$7,500
6404 RADIO EQUIPMENT	$0	$0	$2,200	$0	$0
6409 SYSTEM EXPANSION	$0	($1)	$0	$0	$50,000
CAPITAL OUTLAY	**$0**	**($1)**	**$58,850**	**$17,150**	**$57,500**
6998 TRANSFER TO FLEET REPLACEMENT	$0	$0	$0	$0	$0
6999 TRANSFER TO CAPITAL PROJ. FUND	$0	$0	$100,000	$89,000	$70,000
TRANSFERS	**$0**	**$0**	**$100,000**	**$89,000**	**$70,000**
TOTAL UTILITY-GAS	**$1,589,411**	**$1,861,313**	**$2,054,638**	**$1,820,130**	**$1,861,572**

CITY OF TOMBALL

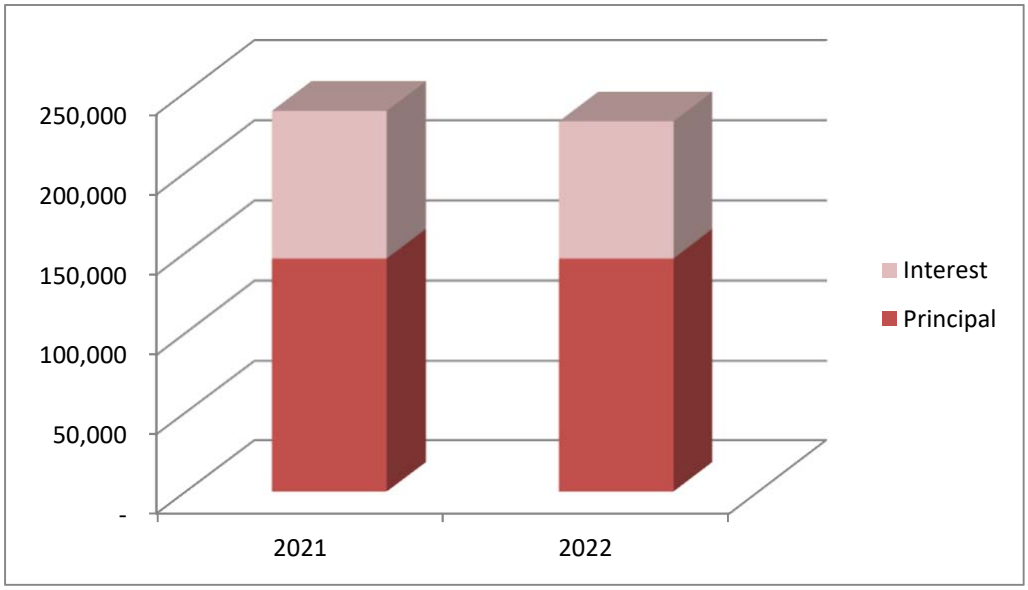
FUND	DEPARTMENT	DIVISION
ENTERPRISE FUND	DEBT	600-616 DEBT

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6901 INTEREST - BONDS	$78,888	$59,663	$55,605	$0	$92,012
6906 BOND FEES AND COST	$770	$468	$780	$0	$0
6911 PRINCIPAL - BONDS	$0	$0	$563,750	$0	$146,250
DEBT	**$637,065**	**$60,131**	**$620,135**	**$0**	**$238,262**
TOTAL DEBT	**$637,065**	**$60,131**	**$620,135**	**$0**	**$238,262**

City of Tomball
Enterprise Fund
Consolidated Debt Payment Schedule
2019-2020 Annual Budget

Fiscal Year	Principal	Interest	Total
2021	146,250	92,012	238,262
2022	146,250	85,431	231,681
2023	146,250	78,118	224,368
2024	146,250	70,806	217,056
2025	146,250	63,493	209,743
2026	145,500	56,199	201,699
2027	145,500	50,379	195,879
2028	145,500	46,014	191,514
2029	145,500	41,649	187,149
2030	145,500	37,284	182,784
2031	145,500	32,828	178,328
2032	145,500	28,191	173,691
2033	145,500	23,280	168,780
2034	145,500	18,188	163,688
2035	145,500	13,095	158,595
2036	145,500	7,912	153,412
2037	145,500	2,637	148,137
Total	$ 2,477,250	$ 747,517	$ 3,224,767



City of Tomball
Combination Tax & Revenue Certificates of Obligation, Series 2016
$20,240,000 - Tax Supported 100%
Issue Date : 12/15/2016
Sale Date: 12/20/16
Projects: Medical Complex Drive Segment 4B; Persimmon Street
85% Debt Service/15% Enterprise

Fiscal Year	Payment Date	Principal	Coupon	Interest	Total P & I	Fiscal Year Total
2021	2/15/2021	146,250.00	4.000%	47,468	193,718	
	8/15/2021			44,543	44,543	238,262
2022	2/15/2022	146,250.00	5.000%	44,543	190,793	
	8/15/2022			40,887	40,887	231,681
2023	2/15/2023	146,250.00	5.000%	40,887	187,137	
	8/15/2023			37,231	37,231	224,368
2024	2/15/2024	146,250.00	5.000%	37,231	183,481	
	8/15/2024			33,575	33,575	217,056
2025	2/15/2025	146,250.00	5.000%	33,575	179,825	
	8/15/2025			29,918	29,918	209,743
2026	2/15/2026	145,500.00	5.000%	29,918	175,418	
	8/15/2026			26,281	26,281	201,699
2027	2/15/2027	145,500.00	3.000%	26,281	171,781	
	8/15/2027			24,098	24,098	195,879
2028	2/15/2028	145,500.00	3.000%	24,098	169,598	
	8/15/2028			21,916	21,916	191,514
2029	2/15/2029	145,500.00	3.000%	21,916	167,416	
	8/15/2029			19,733	19,733	187,149
2030	2/15/2030	145,500.00	3.000%	19,733	165,233	
	8/15/2030			17,551	17,551	182,784
2031	2/15/2031	145,500.00	3.125%	17,551	163,051	
	8/15/2031			15,278	15,278	178,328
2032	2/15/2032	145,500.00	3.250%	15,278	160,778	
	8/15/2032			12,913	12,913	173,691
2033	2/15/2033	145,500.00	3.500%	12,913	158,413	
	8/15/2033			10,367	10,367	168,780
2034	2/15/2034	145,500.00	3.500%	10,367	155,867	
	8/15/2034			7,821	7,821	163,688
2035	2/15/2035	145,500.00	3.500%	7,821	153,321	
	8/15/2035			5,274	5,274	158,595
2036	2/15/2036	145,500.00	3.625%	5,274	150,774	
	8/15/2036			2,637	2,637	153,412
2037	2/15/2037	145,500.00	3.625%	2,637	148,137	148,137
Total		$ 2,477,250		$ 5,635,856	$ 3,224,767	$ 3,224,767

Fleet Replacement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Transfers - General Fund	$ 141,812	$ 274,500	$ 100,000	$ 108,000	$ 115,505	$ 112,000
Transfers - Enterprise Fund	40,000	115,000	97,500	-	26,240	112,760
Transfers - Special Revenue	20,000	20,000	20,000	-	-	-
Other	10,083	19,875	-	20,000	-	-
Interest	13,390	26,916	24,347	50,000	18,000	15,000
Total	$ 225,285	$ 456,291	$ 241,847	$ 178,000	$ 159,745	$ 239,760
Expenditures:						
Capital Outlay - General Fund	$ 328,291	$ 301,746	$ 354,142	$ 388,000	$ 463,250	$ 638,450
Capital Outlay - Enterprise Fund	88,491	113,783	72,563	336,000	246,000	154,000
Total	$ 416,782	$ 415,528	$ 426,706	$ 724,000	$ 709,250	$ 792,450
Revenues Over (Under) Expenditures	$ (191,497)	$ 40,763	$ (184,859)	$ (546,000)	$ (549,505)	$ (552,690)
Beginning Fund Balance	$ 2,879,089	$ 2,687,592	$ 2,728,355	$ 2,543,496	$ 2,543,496	$ 1,993,991
Ending Fund Balance	$ 2,687,592	$ 2,728,355	$ 2,543,496	$ 1,997,496	$ 1,993,991	$ 1,441,301

CITY OF TOMBALL FLEET REPLACEMENT FUND						
	2017	2018	2019	2020	2020	2021
FLEET REPLACEMENT FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5500 SALE OF CITY PROPERTY	10,083	19,875	-	20,000	-	-
5800 INTEREST INCOME	13,390	26,916	24,347	50,000	18,000	15,000
5910 TRANSFER FROM GENERAL FUND	141,812	274,500	100,000	108,000	115,505	112,000
5911 TRANSFER FROM UTILITY FUND	40,000	115,000	97,500	-	26,240	112,760
5961 TRANSFER IN	20,000	20,000	20,000	-	-	-
TOTAL FLEET REPLACEMENT FUND	**225,285**	**456,291**	**241,847**	**178,000**	**159,745**	**239,760**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
FLEET REPLACEMENT	GEN FUND FLEET REPLACEMEN	650-651 GEN FUND FLEET

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6304 PROF. SERV. - OTHER	$5,000	$0	$0	$0	$0
6403 MACHINERY AND EQUIPMENT	$94,556	$29,716	$0	$0	$0
6405 VEHICLE EQUIPMENT	$253,188	($29,995)	$388,000	$463,250	$638,450
6410 DEPRECIATION EXPENSE	($50,999)	$354,421	$0	$0	$0
CAPITAL OUTLAY	**$301,746**	**$354,142**	**$388,000**	**$463,250**	**$638,450**
TOTAL GEN FUND FLEET REPLACEMEN	**$301,746**	**$354,142**	**$388,000**	**$463,250**	**$638,450**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
FLEET REPLACEMENT	UTILITY FUND FLEET REPLAC	650-652 UTILITY FUND FLEET

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6403 MACHINERY AND EQUIPMENT	$59,556	($8,377)	$162,000	$72,000	$154,000
6405 VEHICLE EQUIPMENT	$54,227	$8,656	$174,000	$174,000	$0
6410 DEPRECIATION EXPENSE	$0	$72,284	$0	$0	$0
CAPITAL OUTLAY	**$113,783**	**$72,563**	**$336,000**	**$246,000**	**$154,000**
TOTAL UTILITY FUND FLEET REPLAC	**$113,783**	**$72,563**	**$336,000**	**$246,000**	**$154,000**

730 - Water Capital Recovery Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Water Capital Recovery Fee	$ 240,182	$ 415,109	$ 362,149	$ 400,000	$ 450,000	$ 400,000
Interest	12,295	28,787	49,759	52,000	25,000	20,000
Total	$ 252,477	$ 443,896	$ 411,908	$ 452,000	$ 475,000	$ 420,000
Expenditures:						
Services and Charges	$ -	$ -	$ -	$ -	$ -	$ -
Transfers Out	465,983	-	106,656	400,000	455,000	-
Total	$ 465,983	$ -	$ 106,656	$ 400,000	$ 455,000	$ -
Revenues Over (Under) Expenditures	$ (213,505)	$ 443,897	$ 305,253	$ 52,001	$ 20,001	$ 420,001
Beginning Fund Balance	$ 1,870,135	$ 1,656,630	$ 1,656,630	$ 1,961,883	$ 1,961,883	$ 1,981,884
Ending Fund Balance	$ 1,656,630	$ 2,100,527	$ 1,961,883	$ 2,013,884	$ 1,981,884	$ 2,401,885

CITY OF TOMBALL
WATER CAPITAL RECOVERY FUND - 730

	2017	2018	2019	2020	2020	2021
WATER CAPITAL RECOVERY FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5800 INTEREST INCOME	12,295	28,787	49,759	52,000	25,000	20,000
5810 WATER CAPITAL RECOVERY FEE	240,183	415,107	362,149	400,000	450,000	400,000
TOTAL WATER CAPITAL RECOVERY FUND	**252,478**	**443,894**	**411,908**	**452,000**	**475,000**	**420,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
WATER CAPITAL RECOVERY	WATER CAPITAL RECOVERY	730-731 WATER CAPITAL

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
SERVICES AND CHARGES	**$0**	**$0**	**$0**	**$0**	**$0**
6691 TRANSFERS OUT	$0	$106,656	$400,000	$455,000	$0
TRANSFERS	**$0**	**$0**	**$400,000**	**$455,000**	**$0**
TOTAL WATER CAPITAL RECOVERY	**$0**	**$0**	**$400,000**	**$455,000**	**$0**

740 - Sewer Capital Recovery Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Sewer Capital Recovery Fee	$ 208,850	$ 417,256	$ 360,885	$ 400,000	$ 400,000	$ 360,000
Interest	12,139	23,827	40,811	40,000	25,000	25,000
Total	$ 220,989	$ 441,083	$ 401,696	$ 440,000	$ 425,000	$ 385,000
Expenditures:						
Transfers	$ 1,000,000	$ -	$ 322,088	$ 400,000	$ 479,000	$ -
Total	$ 1,000,000	$ -	$ 322,088	$ 400,000	$ 479,000	$ -
Revenues Over (Under) Expenditures	$ (779,010)	$ 441,084	$ 79,609	$ 40,001	$ (53,999)	$ 385,001
Beginning Fund Balance	$ 2,097,549	$ 1,318,539	$ 1,759,623	$ 1,839,232	$ 1,839,232	$ 1,785,233
Ending Fund Balance	$ 1,318,539	$ 1,759,623	$ 1,839,232	$ 1,879,233	$ 1,785,233	$ 2,170,234

CITY OF TOMBALL
SEWER CAPITAL RECOVERY FUND - 740

	2017	2018	2019	2020	2020	2021
SEWER CAPITAL RECOVERY FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5800 INTEREST	12,139	23,827	40,811	40,000	25,000	25,000
5840 SEWER CAPITAL RECOVERY FEE	208,850	417,256	360,885	400,000	400,000	360,000
TOTAL SEWER CAPITAL RECOVERY FUND	**220,989**	**441,083**	**401,696**	**440,000**	**425,000**	**385,000**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
SEWER CAPITAL RECOVERY	SEWER CAPITAL RECOVERY	740-741 SEWER CAPITAL

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
SERVICES AND CHARGES	**$0**	**$0**	**$0**	**$0**	**$0**
6691 TRANSFERS OUT	$0	$322,088	$400,000	$479,000	$0
TRANSFERS	**$0**	**$322,088**	**$400,000**	**$479,000**	**$0**
TOTAL SEWER CAPITAL RECOVERY	**$0**	**$322,088**	**$400,000**	**$479,000**	**$0**

City of Tomball
910 Employee Benefit Trust Fund
2020-2021 Proposed Budget

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget
Revenues:						
Transfers	$ 2,598,249	$ 2,736,910	$ 2,862,477	$ 2,862,477	$ 2,862,477	$ 2,889,477
ESD#15 Reimbursement	26,692	92,232	164,000	164,000	164,000	164,000
Interest	7,948	19,597	30,000	30,000	30,000	26,000
Total	$ 2,632,889	$ 2,848,739	$ 3,056,477	$ 3,056,477	$ 3,056,477	$ 3,079,477
Expenditures:						
Health Insurance Costs	$ 2,458,772	$ 2,545,128	$ 2,803,574	$ 2,959,758	$ 2,959,758	$ 2,725,111
Services and Charges	41,975	36,881	43,461	63,135	63,135	64,131
Total	$ 2,500,747	$ 2,582,009	$ 2,847,035	$ 3,022,893	$ 3,022,893	$ 2,789,242
Revenues Over (Under) Expenditures	$ 132,142	$ 266,730	$ 209,442	$ 33,584	$ 33,584	$ 290,235
Beginning Fund Balance	$ 1,165,768	$ 1,297,913	$ 1,564,644	$ 1,774,086	$ 1,774,086	$ 1,807,670
Ending Fund Balance	$ 1,297,913	$ 1,564,644	$ 1,774,086	$ 1,807,670	$ 1,807,670	$ 2,097,905

CITY OF TOMBALL EMPLOYEE TRUST FUND - 910						
	2017	2018	2019	2020	2020	2021
EMPLOYEE TRUST FUND	**ACTUAL**	**ACTUAL**	**ACTUAL**	**BUDGET**	**PROJECTION**	**BUDGET**
5474 ESD#15 STATION 5 PAYROLL REIMBURSE.	26,692	92,232	131,806	164,000	164,000	164,000
5800 INTEREST	7,948	19,597	26,780	30,000	30,000	26,000
5961 TRANSFER IN	2,598,249	2,736,910	2,863,167	2,862,477	2,862,477	2,889,477
TOTAL EMPLOYEE TRUST FUND	**2,632,889**	**2,848,739**	**3,021,753**	**3,056,477**	**3,056,477**	**3,079,477**

CITY OF TOMBALL

FUND	DEPARTMENT	DIVISION
EMPLOYEE BENEFITS TRUST	HEALTH INSURANCE	910-920 HEALTH INSURANCE

DETAILS

LINE ITEMS	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 ESTIMATED	2021 BUDGET
6024 HEALTH INSURANCE	$2,545,128	$2,803,574	$2,959,758	$2,959,758	$2,725,111
PERSONNEL SERVICES	**$2,545,128**	**$2,803,574**	**$2,959,758**	**$2,959,758**	**$2,725,111**
6304 PROF. SERVICES- OTHER	$36,291	$42,874	$45,135	$45,135	$46,131
6329 OTHER SERVICES	$590	$587	$18,000	$18,000	$18,000
SERVICES AND CHARGES	**$36,881**	**$43,461**	**$63,135**	**$63,135**	**$64,131**
TOTAL HEALTH INSURANCE	**$2,582,009**	**$2,847,035**	**$3,022,893**	**$3,022,893**	**$2,789,242**

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Cast Ballot for the Texas Municipal League Intergovernmental Risk Pool Board of Trustees (TML-IRP)

Background:
Nominations for the TML Intergovernmental Risk Pool (TML-IRP) Board of Trustees, Places 1 through 4, are over.

We have received the official ballot for the election of Places 1-4 of the Board of Trustees for the TML-IRP Board of Trustees. Council is requested to select the candidates for Places 1-4; for each position, City Manager Robert Hauck serves on the Board of Trustees, knows the individuals on the ballot, and recommends the incumbents:

- Place 1 - Robert T. Herrera
- Place 2 - John W. (Buzz) Fullen
- Place 3 - Jeffrey Snyder
- Place 4 - Robert S. Hauck

Each incumbent has performed well on the Board. Upon election to the TML-IRP Board of Trustees, their new terms will expire October 1, 2026.

Origination:
TML-IRP

Recommendation:
Cast ballot for the TML-IRP Board of Trustees as recommended by City Staff.

Party(ies) responsible for placing this item on agenda:
Robert S. Hauck

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

TML-IRP Ballot

OFFICIAL BALLOT

Texas Municipal League Intergovernmental Risk Pool
Board of Trustees Election

This is the official ballot for the election of Places 1 – 4 of the Board of Trustees for the Texas Municipal League Intergovernmental Risk Pool. Each Member of the Pool is entitled to vote for Board of Trustee members. Please record your organization's choices by placing an "X" in the square beside the candidate's name or writing in the name of an eligible person in the space provided. You can only vote for one candidate for each place.

The officials listed on this ballot have been nominated to serve a six-year term on the TML Intergovernmental Risk Pool (Workers' Compensation, Property and Liability) Board of Trustees. The names of the candidates for each Place on the Board of Trustees are listed in alphabetical order on this ballot.

Ballots must reach the office of David Reagan, Secretary of the Board, no later than September 30, 2020. Ballots received after September 30, 2020, cannot be counted. **The ballot must be properly signed, and all pages of the ballot must be mailed to:**

Trustee Election
David Reagan, Secretary of the Board
P.O. Box 149194
Austin, Texas 78714-9194

If the ballot is not signed, it will not be counted.

PLACE 1

☐ **Robert T. Herrera** (Incumbent). City Manager, City of Cibolo (Region 7) since 2012. Mr. Herrera served as City Manager of Hondo, Texas from 2003 to 2012 and as City Manager of La Porte from 1986 to 2002. He has served other Texas cities, including management positions with the cities of San Marcos, Missouri City, and Woodway. Mr. Herrera has been a Board member of the TML Intergovernmental Risk Pool since 1993 and has served as Chair and Vice Chair of the Board. He also served as Chair of the Finance-Information Technology Committee and the Underwriting-Claims Committee of the TML Intergovernmental Risk Pool.

WRITE IN CANDIDATE:

_____

PLACE 2

☐ **Chris Armacost.** City Commissioner for the City of Hitchcock (Region 14). Mr. Armacost is Director of Technology, Transportation, Facilities, and Operations for the Hitchcock Independent School District. He serves on the Hitchcock Education Foundation and Hitchcock Chamber of Commerce. He is the president of the Hitchcock Little League Baseball Association and coached several teams. Mr. Armacort has been awarded the Hitchcock Chamber President Award and the Above and Beyond Citizen Award from the Hitchcock ISD. He has obtained a Certified Municipal Official certification from TML.

☐ **John W. (Buzz) Fullen** (Incumbent). Mayor of the City of Henderson since 2019 and from 2004 to 2012 (Region 15). Mr. Fullen also served as a Commissioner of the Henderson Housing Authority from 2011 to 2019 and is now ex-officio on same. He currently serves on the Henderson Main Street Board (2004–present), Henderson Civic Center Board (2003–present), and the Henderson ETMC Hospital Diabetes Board (2009–present). He has been a Board member of the TML Intergovernmental Risk Pool since 2010, during which time he served as Chair (2018-2020) and Vice Chair (2016-2018).

WRITE IN CANDIDATE:

_____

PLACE 3

☐ **George Hyde.** City Attorney for the City of Watuaga (Region 8). Mr. Hyde is a partner in the law firm Russell Rodriquez Hyde Bullock, LLP, located in Georgetown. He is a member of and holds Merit Certification in Municipal Law from the Texas City Attorneys Association. He has served as City Attorney for ten other cities across Texas, since 2003. He has also served local governments in various public safety positions within Fire Departments, Parks Departments, and Police Departments. During his tenure as a peace officer, Mr. Hyde received the Texas Commission on Law Enforcement Educational Achievement Award for exceeding normal expectations in job performance.

☐ **Roy E. Maynor.** City Alderman, Position 3, for the City of West Columbia (Region 14). He has been an elected official of West Columbia since 2013. Mr. Maynor is a Life Safety Systems Specialist for Vallen Safety Services and a member of Gulf Coast Christian Church. He is also part-owner of Grit Fitness in West Columbia. He and his wife, Rachel, have two children.

☐ **Jeffrey Snyder** (Incumbent). City Manager for the City of Plainview (Region 2). He previously served as the Assistant City Manager for Plainview and as the City Manager for Idalou. Mr. Snyder graduated from West Texas A&M University and obtained a Master of Public Administration from Texas Tech University. He is a member of the International City Management Association (ICMA) and TCMA. He is a graduate of the Public Executive Institute through the University of Texas and is a credentialed manager through ICMA. He has been a Board member of the TML Intergovernmental Risk Pool since 2018 and served on various committees with TML, TCMA and ICMA and as past president of the Panhandle City Management Association.

WRITE IN CANDIDATE:

_____

PLACE 4

☐ **Robert S. Hauck** (Incumbent). City Manager for the City of Tomball (Region 14), a position he has held since April 2018. He began his full-time career in public service with the Los Angeles Police Department in 1988. In 2008, Mr. Hauck retired from the LAPD and joined the City of Tomball, where he has served as Chief of Police, Assistant City Manager, and now City Manager. Mr. Hauck holds a Bachelor of Arts degree in Business Administration, and a Master of Science degree in Management. He has been a Board member of the TML Intergovernmental Risk Pool since 2019. Mr. Hauck and his wife Kathleen have three children – Lauren, Conner, and Madeline.

☐ **Dave Martin**. City Councilmember and current Mayor Pro Tem for the City of Houston (Region 14). Mr. Martin serves as Chair of the City Council Budget and Fiscal Affairs Committee. He previously served on the Humble ISD Board of Trustees and as Secretary/Treasurer of the Board of Directors for the Harris County Houston Sports Authority. Mr. Martin is a Managing Director of Marsh & McLennan Companies, Inc., the largest Global Risk Management firm. Previously he worked for two "Big Four" accounting firms, PricewaterhouseCoopers, LLP and Ernst & Young, LLP.

☐ **Kimberly Meismer**. Executive Director for General Operations for Kerrville (Region 7), overseeing Human Resources, Municipal Court, Public Library, Public Information, the Senior Services Advisory Committee, and the Kerrville Area Youth Leadership Academy. Ms. Meismer has over 23 years of public service, which includes serving Kerrville and La Porte. She is a member of the TCMA, International Public Management Association for Human Resources (IPMA-HR), Society for Human Resource Management (SHRM), and is a former President of the Bay Area Human Resource Management Association. She has a Master's degree in Public Administration and is an IPMA-HR Senior Certified Professional and a SHRM Certified Professional.

☐ **Sean Overeynder.** City Manager for the City of Lamesa, Texas (Region 3). Sean Overeynder began his career in local government administration in August 2014 in Economic Development, working for various public and private organizations. He has held the position of City Manager for the City of Lamesa since March 2020. Prior to becoming the City Manager, he was appointed as the Economic Development Director for the City of Lamesa on August 27, 2018.

WRITE IN CANDIDATE:

_____

Certificate

I certify that the vote cast above has been cast in accordance with the will of the majority of the governing body of the public entity named below.

Witness my hand, this _____ day of _____, 2020.

_____ _____

Signature of Authorized Official Title

_____

Printed Name of Authorized Official

_____

Printed Name of Political Entity

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Approve Continued Participation in Harris County Emergency Operations Plan and Authorize the Mayor to Execute the Necessary Harris County Document Accepting the Revisions to the Harris County Emergency Operations Basic Plan Document

Background:

The City of Tomball has long been a signatory to the Harris County Emergency Operations Plan. This plan requires updates every five years and the plan was recently updated, reviewed and approved by the State. A signature is required of the Mayor accepting the revisions to the Plan.

Origination:

Emergency Management

Recommendation:

Staff Recommends Approval

Party(ies) responsible for placing this item on agenda:

Parr

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Signature Page

APPROVAL & IMPLEMENTATION
BASIC PLAN

Integrated Emergency Management Plan

This annex is hereby approved for implementation and supersedes all previous editions.

MAYOR, CITY OF TOMBALL

DATE

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Ratify the FY 2020-2021 Budget and Find that the Proposed Tax Rate of $.337862/$100 Does Not Exceed the No-New-Revenue Tax Rate and Will Not Generate More Property Tax Revenue than the FY 2019-2020 Budget

Background:
Truth-in-Taxation laws require that, prior to adopting a tax rate, the Council must first ratify the already adopted budget for the ensuing fiscal year and "find" that the proposed tax rate will generate more or less property tax revenue than the concluding year's adopted budget.

The City's proposed tax rate to serve the 2020-2021 Budget is $0.337862/$100. According to the Harris County Tax Assessor, the proposed rate of $0.337862 per $100 of assessed value is the No-New-Revenue Tax Rate and does not exceed the De Minimus Tax Rate of $0.498124/$100. The Notice About 2020 Tax Rates for Tomball was published in the official newspaper on August 26, 2020.

One Public Hearing is required before the adoption of an ordinance setting the 2020 tax levy.

After ratifying the 2020-2021 budget and finding that the proposed tax rate does not exceed the No-New-Revenue Tax Rate, Council will be asked to vote to approve the First Reading of Ordinance No. 2020-24 for the 2020 tax levy and to announce the date for the final vote and adoption of Ordinance No. 2020-24 for the tax levy at a Special Council Meeting on Monday, September 14, 2020 at 5:00 p.m., in order to meet the mandated 60-day deadline for adopting the tax rate.

Origination:
City Secretary

Recommendation:

Party(ies) responsible for placing this item on agenda:
Tracylynn Garcia, Assistant City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Adopt $0.173583 as the Portion of the Tax Rate to Fund the Interest and Sinking (Debt Service) Fund for Fiscal Year 2020-2021

Background:
$0.173583 is the recommended allocation of the total tax rate of $0.337862 to be used to fund the payment of the City's tax-supported debt. Ordinance No. 2020-24, adopting the tax rate for the City of Tomball for FY 2020-2021, will be presented following the approval of the two components of the tax rate.

This item is only to adopt the allocation of $0.173583 as the designated portion of the tax rate to the support the Interest and Sinking (Debt Service) Fund for Fiscal Year 2020-2021, as required Chapter 26 of the Texas Property Tax Code.

Origination:
City Secretary

Recommendation:
Adopt $0.173583 as the Portion of the Tax Rate to fund the Interest and Sinking (Debt Service) Fund for Fiscal Year 2020-2021

Party(ies) responsible for placing this item on agenda:
City Secretar

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Adopt $0.164279 as the Portion of the Tax Rate to Fund the Maintenance and Operations (M&O) Fund for Fiscal Year 2020-2021

Background:
$0.164279 is the recommended allocation of the total tax rate of $0.337862 to be used to fund the payment of the City's maintenance and operations. Ordinance No. 2020-24, adopting the tax rate for the City of Tomball for FY 2020-2021, will be presented following the approval of the two components of the tax rate.

This item is only to adopt the allocation of $0.164279 as the designated portion of the tax rate to the support the Maintenance and Operations (M&O) Fund for Fiscal Year 2020-2021, as required Chapter 26 of the Texas Property Tax Code.

Origination:
Finance Dept./City Secretary Office

Recommendation:
Adoption of $0.164279 as the portion of the tax rate to support the Maintenance and Operations (M&O) Fund for FY 2020-2021.

Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Conduct Public Hearing regarding the Proposed 2020 Tax Rate of $0.337862/$100 Assessed Value for the City of Tomball, Texas

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Notice of Public Hearing re 2020 Tax Rate

NOTICE OF PUBLIC HEARING ON TAX INCREASE CITY OF TOMBALL, TEXAS

TUESDAY, SEPTEMBER 8, 2020
6:00 P.M.

Public Hearing on Tax Revenue Increase for Proposed 2020 Tax Rate of $0.337862/$100 Assessed Value for the City of Tomball, Texas.

A tax rate of $0.337862 per $100 valuation has been proposed by the governing body of the City of Tomball.

PROPOSED TAX RATE	$0.337862 per $100
NO-NEW-REVENUE TAX RATE	$0.337862 per $100
VOTER-APPROVAL TAX RATE	$0.299554 per $100
DE MINIMIS RATE	$0.498124 per $100

The no-new-revenue tax rate is the tax rate for the 2020 tax year that will raise the same amount of property for the **City of Tomball** from the same properties in both the 2019 tax year and the 2020 tax year.

The voter-approval rate is the highest tax rate that the **City of Tomball** may adopt without holding an election to seek voter approval of the rate.

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for the **City of Tomball**, the rate that will raise $500,000 and the current debt rate for the **City of Tomball.**

The proposed tax rate is not greater than the no-new-revenue tax rate. This means that the City of Tomball is not proposing to increase property taxes for the 2020 tax year.

The **City of Tomball** will hold a **PUBLIC HEARING ON THE PROPOSED TAX RATE** on September 8, 2020 at 6:00 p.m, at 401 Market Street, Tomball, Texas 77375. The **City of Tomball** may take action on the proposed tax rate on September 8, 2020 and September 21, 2020 at 6:00 p.m., following the hearing to be held on September 8, 2020.

PLEASE BE ADVISED THAT THE HEARING AND ADOPTION MEETINGS MAY BE CONDUCTED VIA CONFERENCE CALL DUE TO COVID-19 MEETING RESTRICTIONS. PLEASE REVIEW THE MEETING NOTICES POSTED ON THE CITY OF TOMBALL'S WEBSITE 72 HOURS BEFORE THE HEARING TO DETERMINE IF THE HEARING MEETING AND THE ADOPTION MEETINGS WILL BE HELD IN PERSON OR VIA CONFERENCE CALL.

The proposed tax rate is greater than the voter-approval tax rate, but not greater than the de minimis rate. However, the proposed tax rate exceeds the rate that allows voters to petition for an election under Section 26.075, Tax Code. If the **City of Tomball** adopts the proposed tax rate, the qualified voters of the **City of Tomball** may petition the **City of Tomball** to require an election to be held to determine whether to reduce the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the **City of Tomball** will be the voter-approval tax rate of the **City of Tomball.**

YOUR TAXES OWED UNDER ANY OF THE TAX RATES
MENTIONED ABOVE CAN BE CALCULATED AS FOLLOWS:
Property tax amount = (tax rate) x (taxable value of your property)/100.

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR: Councilmembers Ford, Stoll, Degges, Townsend, and Klein Quinn

AGAINST: None
PRESENT and not voting: None
ABSENT: None

The 86th Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares the taxes imposed on the average residence homestead of the **City of Tomball** last year to the taxes proposed to be imposed on the average residence homestead by the **City of Tomball** this year.

	2019	**2020**	**Change**
Total tax rate (per $100 of value)	$0.341455	$0.3337862	*Decrease of* -$0.003593 OR -1.05%
Average homestead taxable value	$199,232	$208,271	*Increase of* 4.53%
Tax on average homestead	$680	$704	*Increase of* $23 OR 3.43%
Total tax levy on all properties	$7,065,553	$7,244,063	*Increase of* $178,510 OR 2.53%

For assistance with tax calculations, 0please contact the Finance Director for the **City of Tomball** at 281-290-1417 or gwindsor@tomballtx.gov.

Members of the public are encouraged to attend the hearings and express their views regarding the above-proposed 2017 Tax Rate for the City of Tomball, Texas.

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 19th day of August 2020 by 6:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Doris Speer
Doris Speer
City Secretary, TRMC/MMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Adopt, on First Reading, Ordinance No. 2020-24, an Ordinance of the City of Tomball, Texas, Setting the Tax Levy of $0.337862/$100 Value Assessed for the Year 2020 on All Taxable Real and Personal Property Located in the City of Tomball, Texas; Providing for Penalty, Interest, and Additional Penalty on Taxes Not Timely Paid; and Providing Other Matters Relating to the Subject

Background:

Previous items on the agenda approved the allocation of the proposed tax rate for Fiscal Year 2020-2021 (Tax Year 2021) in the amounts of $0.173583 for the Interest & Sinking Fund and $0.164279 for the Maintenance and Operations Fund, for a total tax rate of $0.337862.

Adoption of Ordinance No. 2020-24 on second reading will be presented at a Special Council Meeting on September 14, 2020 to complete the process to levy the 2021 (FY 2020-2021) tax rate.

Origination:

City Secretary

Recommendation:

Adopt on First Reading, Ordinance No. 2020-24

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Ordinance No. 2020-24 - 2020 Tax Levy

ORDINANCE NO. 2020-24

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, SETTING THE TAX LEVY OF $0.337862/$100 VALUE ASSESSED FOR THE YEAR 2020 ON ALL TAXABLE REAL AND PERSONAL PROPERTY LOCATED IN THE CITY OF TOMBALL, TEXAS; PROVIDING FOR PENALTY, INTEREST, AND ADDITIONAL PENALTY ON TAXES NOT TIMELY PAID; AND PROVIDING OTHER MATTERS RELATING TO THE SUBJECT.

* * * * * * * * * * *

WHEREAS, pursuant to the provisions of the Constitution and Laws of the State of Texas, the City Council of the City of Tomball, Texas, is vested with the power to levy, assess and collect an annual tax upon all taxable real and personal property located within the City Limits, and said power allowing for the granting of homestead exemptions for all City of Tomball property owners sixty-five years of age and over or who are disabled; and

WHEREAS, pursuant to the Charter of the City of Tomball, this ordinance has been read two (2) times and considered at two (2) sessions of the City Council, and published in the City's official newspaper after the first reading; and

WHEREAS, the Council is required to set a tax rate, expressed as a rate per hundred-dollar valuation of said property, located in the City of Tomball, January 1, 2020; and

WHEREAS, Section 26.05 of the Texas Property Tax Code provides that before the later of September 30th or the 60th day after the date the certified appraisal roll is received by the taxing unit, the governing body of each taxing unit shall adopt a tax rate for the current tax year; and

WHEREAS, such Section further provides that where the tax rate consists of two components (one which will impose the amount of taxes needed to pay the unit's debt service and the other which will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the next year), each of the components must be approved separately; and

WHEREAS, the proposed tax rate for the current tax year of the City of Tomball, Texas, consists of two components, a tax rate of $0.173583 cents per $100.00 dollars of taxable value for the purpose of paying the accruing interest and to provide a sinking fund for payment of the indebtedness of the City, and a tax rate of $0.164279 cents per $100.00 dollars of taxable value for the purpose of funding the maintenance and operation expenditures of the City for the next fiscal year; and

WHEREAS, City Council has approved, by separate motions, the tax rates heretofore specified for each of said components; and

WHEREAS, all notices and hearings required by law as a prerequisite to the passage, approval, and adoption of this Ordinance have been timely and properly given and held;

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

Section 1. The facts and recitations set forth in the preamble of this Ordinance are found to be true and correct and are hereby adopted, ratified, and confirmed.

Section 2. That said tax levied as aforesaid, based upon valuations established by Harris County Appraisal District, will be sufficient to meet the requirements of the City for the Budget Year 2020-2021.

Section 3. There is hereby levied, for the tax year 2020, to fund the City's fiscal year 2020-2021 municipal budget, an ad valorem tax at the total rate of thirty-three and seven thousand eight hundred sixty-two ten-thousandths cents ($0.337862) on each One Hundred Dollars ($100.00) of assessed valuation on all property, real, personal, and mixed, within the corporate limits of the City, upon which an ad valorem tax is authorized by law to be levied by the City of Tomball, Texas. All such taxes shall be assessed and collected in current money of the United States of America.

Section 4. Of such total tax levied in Section 2 hereof, $0.164279 is levied to fund maintenance and operation expenditures of the City for the fiscal year 2020-2021. Of the total tax levied in Section 2 hereof, $0.173583 is levied for the purpose of paying the interest on bonds, warrants, certificates of obligation, or other lawfully authorized evidence of indebtedness issued by the City of Tomball, Texas, including the various installments of principal due on the serial bonds, warrants, certificates of obligation, or other lawfully authorized evidence of indebtedness issued by the City as such installments shall respectively mature, in the fiscal year 2020-2021.

Section 5. This year's levy to fund both maintenance and operations expenditures and interest & sinking expenditures DOES NOT EXCEED last year's maintenance and operations tax levy and interest & sinking tax levy.

GENERAL FUND - TO FUND MAINTENANCE AND OPERATION EXPENDITURES OF THE CITY:	$0.164279
INTEREST & SINKING - FOR DEBT SERVICE:	$0.173583

With reference to the tax rate of $0.173583 for the Interest and Sinking Fund for bonded indebtedness, this rate, representing 51.3769% of the total $0.337862 tax, shall apply to the gross amount of current taxes to be collected.

Section 6. All ad valorem taxes levied hereby, in the total amount of $0.337862 on each One Hundred Dollars ($100.00) of assessed valuation, as reflected by Sections 2 and 3 hereof, shall be due and payable on or before January 31, 2021. All ad valorem taxes due the City of Tomball, Texas, and not paid on or before January 31st following the year for which they were levied, shall bear penalty and interest, and if not paid before July 1st shall incur an additional penalty of twenty percent (20%), as prescribed in the Texas Property Tax Code.

Section 7. All ordinances and parts of ordinances inconsistent or in conflict herewith are hereby repealed to the extent of such conflict.

Section 8. If any provision of this Ordinance is found to be invalid or unconstitutional by a court of competent jurisdiction, the same shall not invalidate or impair the validity, force, or effect of any other provision of this Ordinance.

FIRST READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL, HELD ON THE 8TH DAY OF SEPTEMBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

SECOND READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT A SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL, HELD ON THE 14TH DAY OF OCTOBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

_____
GRETCHEN FAGAN, MAYOR
City of Tomball

ATTEST:

_____
DORIS SPEER, City Secretary
City of Tomball

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Announce that the Date for the Final Vote on the 2020 Tax Rate will be at a Special City Council Meeting on September 14, 2020 at 5:00 p.m.

Background:
Adoption of Ordinance No. 2020-24 on second reading will be presented at a Special Council Meeting on September 14, 2020 to complete the process to levy the 2021 (FY 2020-2021) tax rate.

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Conduct Public Hearing of the City Council of the City of Tomball Regarding Proposed Assessments to be Levied Against Certain Assessable Property in the Raburn Reserve Public Improvement District (TPID 10)

Background:

Origination:
HT Raburn Reserve Development, L.P.

Recommendation:

Party(ies) responsible for placing this item on agenda:
Craig T. Meyers, Community Development Director

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Notice of Public Hearing

NOTICE OF PUBLIC HEARING
CITY OF TOMBALL, TEXAS

TUESDAY, SEPTEMBER 8, 2020

6:00 P.M.

NOTICE OF PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF TOMBALL REGARDING PROPOSED ASSESSMENTS TO BE LEVIED AGAINST CERTAIN ASSESSABLE PROPERTY IN THE RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT (THE "DISTRICT") PURSUANT TO THE PROVISIONS OF CHAPTER 372 OF THE TEXAS LOCAL GOVERNMENT CODE, AS AMENDED (THE "ACT").

NOTICE IS HEREBY GIVEN THAT a public hearing will be conducted by the City Council of the City of Tomball, Texas for 6:00 p.m. on September 8, 2020 at the regular meeting place of the City, the City Council Chamber at Tomball City Hall, 401 Market Street, Tomball, Texas 77375 (unless alternative meeting arrangements are required to address public health concerns, which meeting arrangements will be specified in the notice of such meeting posted in accordance with applicable law). The public hearing will be held to consider proposed assessments to be levied against certain assessable property in the Raburn Reserve Public Improvement District (the "District") pursuant to the provisions of Chapter 372 of the Texas Local Government Code, as amended (the "Act").

THE GENERAL NATURE OF THE AUTHORIZED IMPROVEMENTS ARE: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above authorized by the Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the district; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. These Authorized Improvements shall promote the interests of the City and confer a special benefit upon the Property.

THE ESTIMATED COST TO DESIGN, ACQUIRE AND CONSTRUCT THE AUTHORIZED IMPROVEMENTS within Improvement Area #1, together with bond issuance costs, eligible legal and financial fees, eligible credit enhancement costs and eligible costs incurred in establishment, administration and operation of the District is approximately $6,300,000, plus the annual cost of supplemental services, if any, and operation and maintenance costs, if any. The City will pay no costs of the Authorized Improvements, supplemental services or operation and maintenance costs from funds other than assessments levied on property within the District. The remaining costs of the proposed improvements will be paid from sources other than those described above.

THE BOUNDARIES OF THE DISTRICT include approximately 105 Acres of Land within the City of Tomball, Harris County, Texas, Said Property Being Generally Located on the East Side of South Persimmon Road from Lizzie Lane to Agg Road. A metes and bounds description is available for inspection at the offices of the City Secretary at the location described below.

All written or oral objections relating to the levy of the proposed assessments will be considered at the public hearing.

A copy of the Preliminary Service and Assessment Plan, including the proposed Assessment Roll, for the District, which includes the assessments to be levied against each parcel in Improvement Area #1 of the District is available for public inspection at the office of the City Secretary, 401 Market Street, Tomball, Texas 77375.

All interested persons are invited to attend such public hearing to express their views with respect to the inclusion of the Additional Land within the PID and the Authorized Improvements to be made therein.

This Notice of Public Hearing is given and the public hearing is being held pursuant to the requirements of the Act.

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 4th day of August 2020 by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meetings.

Doris Speer
Doris Speer
City Secretary, TRMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Adopt, on First Reading, Ordinance No. 2020-26, an Ordinance of the City of Tomball, Texas Approving a Service and Assessment Plan and Assessment Roll for Authorized Improvements for The Raburn Reserve Public Improvement District (The "District"); Making a Finding of Special Benefit to Certain Property in The District; Levying Assessments Against Certain Property within The District and Establishing a Lien on Such Property; Providing for Payment of the Assessment in Accordance with Chapter 372, Texas Local Government Code, as Amended; Providing for the Method of Assessment and the Payment of the Assessments; Providing Penalties and Interest on Delinquent Assessments; Providing for Severability and Providing an Effective Date

Background:

Ordinance No. 2020-26 approves the Service and Assessment Plan and Assessment Roll for the Raburn Reserve Public Improvement District (TPID 10).

Origination:

HT Raburn Reserve Development L.P.

Recommendation:

Approval

Party(ies) responsible for placing this item on agenda:

Craig T. Meyers, Community Development Director

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Ordinance 2020-26

ORDINANCE NO. 2020-26

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR AUTHORIZED IMPROVEMENTS FOR THE RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT (THE "DISTRICT"); MAKING A FINDING OF SPECIAL BENEFIT TO CERTAIN PROPERTY IN THE DISTRICT; LEVYING ASSESSMENTS AGAINST CERTAIN PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR PAYMENT OF THE ASSESSMENT IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Tomball, Texas (the "City") received a petition meeting the requirements of Sec. 372.005 of the Public Improvement District Assessment Act (the "Act") requesting the creation of a public improvement district over a portion of the area within the corporate limits of the City to be known as the Raburn Reserve 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 boundaries of the proposed District, as determined by the then current ad valorem tax rolls of the Harris 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 City; and

WHEREAS, on August 5, 2019, the City Council accepted the Petition and called a public hearing for September 3, 2019, on the creation of the District and the advisability of the improvements; and

WHEREAS, notice of the hearing was published in a newspaper of general circulation in the City in which the District is to be located on August 14, 2019; and,

WHEREAS, on August 16, 2019, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on September 3, 2019; and

WHEREAS, the City Council opened and conducted such public hearing on the advisability of the improvements and the creation of the District, and closed such hearing on September 3, 2019; and

WHEREAS, the City Council approved the creation of the PID by Resolution No. 2019-41 approved on October 7, 2019 (the "Original Creation Resolution") and published the Original Creation Resolution as authorized by the Act; and

WHEREAS, on October 7, 2019 the City approved Resolution No. 2019-42 calling a public hearing on the addition of land to the boundaries of the PID; and

WHEREAS, on October 9, 2019, notice of public hearing was mailed to the owners of the Property within the PID and notice of the public hearing was published in a newspaper of general circulation, in the PID on October 23, 2019; and

WHEREAS, the City Council opened and conducted such public hearing on the addition of additional land to the PID and closed such hearing on November 4, 2019 and approved an amended and restated resolution (the "Amended Creation Resolution") creating the PID and adding the additional land to the boundaries of the PID; and

WHEREAS, the City re-published the Amended Creation Resolution in a newspaper of general circulation in the City and the PID; and

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

WHEREAS, the District is to be developed in phases and assessments are anticipated to be levied in each development phase (each an "Improvement Area"); and

WHEREAS, pursuant to Sections 372.013, 372.014, and 372.016 of the Act, the City Council has directed the preparation of a Preliminary Service and Assessment Plan for Authorized Improvements within Improvement Area #1 of the District (the "Service and Assessment Plan") and an assessment roll for Improvement Area #1 of the District (the "Assessment Roll") that states the assessment against each parcel of land within Improvement Area #1 of the District (the "Assessments"); and

WHEREAS, the City called a public hearing regarding the proposed levy of Assessments pursuant to the Preliminary Plan and the proposed Assessment Roll on property within Improvement Area #1 of the District, pursuant to Section 372.016 of the Act; and

WHEREAS, the City, pursuant to Section 372.016(b) of the Act, published notice on August 12, 2020 in a newspaper of general circulation within the City to consider the proposed Service and Assessment Plan for the District and the levy of the Assessments, as defined in the Service and Assessment Plan, on property in the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the Act, caused the mailing of notice of the public hearing to consider the proposed Service and Assessment Plan and the Assessment Roll attached to the Service and Assessment Plan and the levy of Assessments on property in the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the public hearing at 6:00 p.m. on the 8th day of September, 2020, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the costs of the Authorized Improvements, the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, the developer of property within the District as described in the Service and Assessment Plan for the District is ready to commence the construction and acquisition of the Authorized Improvements within the District; and

WHEREAS, the City wishes to levy assessments on the property within the District for the Authorized Improvements as set forth in the Service and Assessment Plan; and

WHEREAS, the City Council finds and determines that the Service and Assessment Plan and Assessment Roll attached thereto should be approved and that the Assessments should be levied on property within the District as provided in this Ordinance and the Service and Assessment Plan and Assessment Roll; and

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

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

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

Section 1. Findings. The findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

Section 2. Terms. Terms not otherwise defined herein are defined in the Service and Assessment Plan attached hereto as Exhibit A.

Section 3. Findings. The findings and determinations set forth in the preambles are hereby incorporated by reference for all purposes. The City Council hereby finds, determined and orders, as follows:

a. The apportionment of the Costs of the Authorized Improvements, and the Administrative Expenses pursuant to the Service and Assessment Plan is fair and reasonable, reflects an accurate presentation of the special benefit each property

will receive from the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;

b. The Service and Assessment Plan covers a period of at least five years and defines the annual indebtedness and projected costs for the Authorized Improvements;

c. The Service and Assessment Plan apportions the costs of the Authorized Improvements to be assessed against each Assessed Property in the District and such apportionment is made on the basis of special benefits accruing to each Assessed Property because of the Authorized Improvements.

d. All of the real property in the District which is being assessed in the amounts shown in the Service and Assessment Plan and Assessment Roll will be benefited by the Authorized Improvements proposed to be provided through the District in the Service and Assessment Plan, and each parcel of real property in the District will receive special benefits during the term of the Assessments equal to or greater than the total amount assessed;

e. The method of apportionment of the costs of the Authorized Improvements and Administrative Expenses set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Authorized Improvements and Administrative Expenses on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the costs;

f. The Service and Assessment Plan should be approved as the service plan and assessment plan for the District, as described in Section 372.013 and 372.014 of the Act;

g. The Assessment Roll in the form attached to the Service and Assessment Plan should be approved as the assessment roll for the District;

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

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

Section 4. Assessment Plan. The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the Act as a service plan and an assessment plan for the Authorized Improvements within the District.

Section 5. Assessment Roll. The Assessment Roll is hereby accepted and approved pursuant to Section 372.016 of the Act as the assessment roll for the Authorized Improvements within the District.

Section 6. Levy and Payment of Assessments for Costs of Authorized Improvements.

a. The City Council hereby levies Assessments on each Assessed Property located within the District, as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown on the Assessment Roll, as special assessments on the properties within the District as set forth in the Service and Assessment Plan and the Assessment Roll.

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

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

d. Each Assessment may be pre-paid or paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

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

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

g. The Administrative Expenses 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 costs of the Authorized Improvements is as 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 Act and the Service and Assessment Plan.

Section 9. Prepayments of Assessments. As provided in Section 372.018(f) of the Act and in the Service and Assessment Plan, the owner (the "Owner") of any Assessed Property may prepay the Assessments levied by this Ordinance as set forth in the Service and Assessment Plan.

Section 10. Lien Priority. As provided in the Act, the City Council and owners of the Assessed Property intend for the obligations, covenants and burdens on the owners of Assessed Property, including without limitation such owner'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 Assessed Property, and the owners of Assessed Properties, 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 Act.

Section 11. Administrator and Collector of Assessments.

a. Administrator. The City shall administer the Service and Assessment Plan and the Assessments levied by this Ordinance. The City has appointed a third-party administrator (the "Administrator") to administer the Service and Assessment Plan and the Assessments. 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 services shall constitute an Administrative Expense.

b. Collector. The City may collect the assessments or may, by future action, appoint a third-party collector of the Assessments. The City is hereby authorized to enter into an agreement with a third-party for the collection of the Assessments. The City may also contract with any other qualified collection agent selected by the City or may collect the Assessments on its own behalf. The costs of such collection contracts shall constitute an Administrative Expense.

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

Section 13. Severability. If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 14. Effective Date. This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution thereof.

[Remainder of Page left Intentionally Blank]

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 8th DAY OF SEPTEMBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

SECOND READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 21ST DAY OF SEPTEMBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

_____
Gretchen Fagan, Mayor

ATTEST:

_____
Doris Speer, City Secretary

EXHIBIT A

SERVICE AND ASSESSMENT PLAN
AND ASSESSMENT ROLL

Raburn Reserve Public Improvement District

SERVICE AND ASSESSMENT PLAN

SEPTEMBER 8, 2020

TABLE OF CONTENTS

Table of Contents 1
Introduction 2
Section I: Definitions 3
Section II: The District 8
Section III: Authorized Improvements 9
Section IV: Service Plan 11
Section V: Assessment Plan 11
Section VI: Terms of the Assessments 14
Section VII: Assessment Roll 21
Section VIII: Additional Provisions 21
List of Exhibits 23
Exhibit A – District Legal Description 24
Exhibit B – District Boundary Map 27
Exhibit C – Authorized Improvements 28
Exhibit D – Service Plan 29
Exhibit E – Sources and Uses 30
Exhibit F – Improvement Area #1 Assessment Roll 31
Exhibit G-1 – Improvement Area #1 Annual Installments 34
Exhibit G-2 – Lot Type 1 Annual Installments 35
Exhibit H – Maximum Assessment and Special Benefit per Lot Type 36
Exhibit I – Concept Plan 37
Exhibit J– Improvement Area #1 Improvements Maps 38
Exhibit K – Notice of PID Assessment Termination 43
Exhibit L – Improvement Area #1 Plat 46

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 October 7, 2019, the City passed and approved Resolution No. 2019-41 authorizing the creation of the District in accordance with the PID Act, as amended, which authorization was effective upon publication as required by the PID Act.

On November 4, the City passed and approved Resolution No. 2019-45 which amends and restates Resolution No. 2019-41 by incorporating the increased area of the District as a result of right-of-way abandonments. The revised boundary of the District encompasses approximately 105 acres.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 105 acres located within the City, as described by metes and bounds on **Exhibit A** and depicted on **Exhibit B**.

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 Council. The Assessment against each Parcel must be sufficient to pay the share of the Actual Costs apportioned to the Parcel and cannot exceed the special benefit conferred on the Parcel by the Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F.**

SECTION I: DEFINITIONS

"Actual Costs" mean, with respect to Authorized Improvements, the Owner's demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvements, as specified in a payment request in a form that has been reviewed and approved by the City and in an amount not to exceed the amount for each Authorized Improvement as set forth in this Service and Assessment Plan, except for authorized reallocations, which include Cost Underruns (as defined in the Development Agreement) in any category of Authorized Improvements being reallocated to cover Cost Overruns (as defined in the Development Agreement) in any different category of Authorized Improvements as approved by the City. Actual Costs may include: (1) the costs incurred by, caused to be incurred by, or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) construction management fees equal to 4% of cost of the Authorized Improvements; (4) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (5) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (6) all related permitting and public approval expenses, architectural, engineering, and consulting fees, taxes, and governmental fees and charges.

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

"Additional Interest Rate" means an amount not to exceed 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Improvement Area #1 Assessments securing the Improvement Area #1 Reimbursement Obligation.

"Administrative Expense Fund" means the fund established pursuant to the Indenture where the funds to pay the Annual Collection Costs will be deposited.

"Administrator" means the City or the person or 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 responsibilities of the administration of the District.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of PID Bonds, and the construction,

operation, and maintenance of the Authorized Improvements, 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 Assessments and Annual Installments, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the issuance and sale of PID Bonds, the administration of the Improvement Area #1 Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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 on the 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, as applicable.

"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.

"Assessed Property" means any Parcel within the District against which an Assessment is levied and does not include Non-Benefitted Parcels.

"Assessment" means an assessment (including interest thereon) 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 the District based on the special benefits conferred on the District by the Authorized Improvements, more specifically described in **Section V**.

"Assessment Roll" means the assessment roll 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 in this Service and Assessment Plan as **Exhibit F.**

"Authorized Improvements" means improvements authorized by Section 372.003 of the PID Act, including District Formation Costs and Bond Issuance Costs, as described in **Section III**.

"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, first year District administration reserves, underwriter 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 Tomball, Texas.

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

"County" means Harris County, Texas.

"Delinquency and Prepayment Reserve Fund" means the funds established pursuant to the Indenture where the Additional Interest will be deposited.

"Delinquent Collection Costs" mean costs related to the foreclosure of the lien on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney's fees to the extent permitted by law, but excluding amounts representing interest and penalty interest.

"Developer" means HT Raburn Reserve Development, L.P. a Texas limited partnership.

"Development Agreement" means that certain Raburn Reserve Development Agreement between the City and the Developer dated as of October 7, 2019, as amended by that certain First Amendment to Raburn Reserve Development Agreement effective June 15, 2020.

"District" means the Raburn Reserve Public Improvement District containing approximately 105 acres located within the City as shown on **Exhibit B** and more specifically described on **Exhibit A.**

"District Formation Costs" means costs incurred by the Developer including attorney fees, financial consultant fees, and other fees related to the formation of the District and the levy of Assessments.

"Estimated Buildout Value" means the estimated buildout value of an Assessed Property, 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 factors that may impact value.

"Future Improvement Areas" means the property within the District, excluding Improvement Area #1. Future Improvement Areas may be developed in phases after Improvement Area #1.

"Future Improvement Area Bonds" mean bonds issued to fund Future Improvement Area Improvements (or a portion thereof) in a Future Improvement Area that are secured by Assessments levied on Assessed Property within such Future Improvement Area.

"Future Improvement Area Improvements" mean those Authorized Improvements which will confer a special benefit solely on the related Future Improvement Area.

"Improvement Area" means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and each area within the Future Improvement Areas that is specifically defined and designated as a phase of the District.

"Improvement Area #1" means approximately 40 acres located within the District, as shown on **Exhibit A** and more specifically detailed on the Improvement Area #1 Plat attached as **Exhibit L**.

"Improvement Area #1 Annual Installment" means the annual installment payment on 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, as applicable.

"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 a Parcel within Improvement Area #1 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 Improvements" mean those Authorized Improvements that only benefit Improvement Area #1.

"Improvement Area #1 Plat" means the plat recorded in the Official Public Records of the County on August 12, 2020 and attached as **Exhibit L**.

"Improvement Area #1 Reimbursement Agreement" means that certain "Raburn Reserve Public Improvement District Improvement Area #1 Acquisition and Reimbursement Agreement" effective _____ entered into by and between the City and Developer, whereby all or a portion of the Actual Costs will be paid to the Developer from Improvement Area #1 Assessments to reimburse the Developer for Actual Costs paid by the Developer, that are eligible to be paid with Improvement Area #1 Assessments plus interest.

"Improvement Area #1 Reimbursement Obligation" means an amount not to exceed $1,690,000 secured by Improvement Area #1 Assessments to be paid to Developer pursuant to the Improvement Area #1 Reimbursement Agreement.

"Improvement Area #1 Series A Bonds" means those certain "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)", that are secured by Improvement Area #1 Assessments.

"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 a tract of land upon which the levy of Assessments is based in this Service and Assessment Plan, that is (1) a "lot" in a subdivision plat recorded in the official records of the County, (2) a development/concept plan or (3) a preliminary plat.

"Lot Type" means a classification of final building Lots with similar characteristics (e.g. general retail, light industrial, multi-family, single family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council.

"Lot Type 1" means a residential Lot within Improvement Area #1 marketed to homebuilders as a 50' Lot.

"**Maximum Assessment**" means for Lot Type 1, $31,429, as reduced annually by the principal portion of the Annual Installment and as shown on **Exhibit H**.

"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. Assessed Property converted to Non-Benefited Property, if the Assessments are not reallocated pursuant to the provisions herein, remain subject to the Assessments and requires the Assessments to be prepaid as provided herein.

"Owner" means the Developer and any successor developer of property in the District or any portion thereof.

"Parcel(s)" means a property, within the District, identified by either a tax map identification number assigned by the Harris County Appraisal District for real property tax purposes, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

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

"PID Bonds" means bonds issued by the City to finance the Authorized Improvements and secured in whole or in part by Assessments, including Annual Installments thereof.

"Prepayment" means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent Annual 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.

"Prepayment Costs" means principal and interest, including Additional Interest, and Annual Collection Costs incurred up to the date of Prepayment, and including any penalties.

"Reimbursement Agreement" means any reimbursement agreement, including the Improvement Area #1 Reimbursement Agreement, between the City and the Developer pursuant to which the City agrees to levy Assessments on an Improvement Area and all or a portion of such Assessments are paid to the Developer to reimburse the Actual Costs related to such Improvement Area.

"Reimbursement Obligation" means the amount to be paid to the Developer pursuant to a Reimbursement Agreement.

"Residential Lot" means a Lot designed to include a residential home within a final subdivision plat and as determined by the Administrator and confirmed by the City Council.

"Service and Assessment Plan" means this Service and Assessment Plan as updated and amended from time to time.

"Service Plan" means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, 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 105 contiguous acres located within the City, as more particularly described by metes and bounds on **Exhibit A** and depicted on **Exhibit B.** Development of the District is anticipated to include approximately 362 single-family homes, as shown on **Exhibit I**.

Improvement Area #1 includes approximately 40 acres as more particularly described in the Improvement Area #1 Plat on **Exhibit L** and depicted on **Exhibit B.** Development of Improvement Area #1 is anticipated to contain 133 single-family homes.

It is anticipated there will be two additional Future Improvement Areas within the District. As Future Improvement Areas are developed and in connection with the issuance of any Future Improvement Area Bonds, this Service and Assessment Plan will be amended to update the Exhibits. A map of the property that will comprise the Future Improvement Areas is depicted on **Exhibit B**.

SECTION III: AUTHORIZED IMPROVEMENTS

The City, 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 confer a special benefit on the Assessed Property. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C** and depicted on **Exhibit J**.

A. Improvement Area #1 Improvements

- *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. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Water*

  Improvements including trench excavation and embedment, trench safety, plastic/metal piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Wastewater*

  Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Storm Water*

  Improvements including earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm water. The storm water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by

the City.

- *Natural Gas*

  Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The Natural Gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

  Costs incurred in the establishment, administration and operation of the District; costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, and contingency; and, costs associated with financing the Authorized Improvements.

- *District Formation Costs*

  Costs incurred by the Developer including attorney fees, financial consultant fees, and other fees related to the formation of the District allocable to Improvement Area #1 and the levy of Improvement Area #1 Assessments.

B. Future Improvement Area Improvements

As Future Improvement Areas are developed and Assessments are levied on Assessed Property within the Future Improvement Areas, this Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the Assessed Property inside each Future Improvement Area.

C. 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.

- *Deposit to Delinquency and Prepayment Reserve Fund*

  Includes initial deposit to Delinquency and Prepayment Reserve Fund.

- *Deposit to Administrative Expense Fund*

  Includes first year Annual Collection Costs.

- *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, paying agent fees, Trustee fees and any other cost or expense directly associated with the issuance of PID Bonds.

Upon completion of construction of the Authorized Improvements, any cost underruns within a line item of Authorized Improvements, may be available to pay cost overruns on any other Authorized Improvement line item with the approval of the City; such changes shall be set forth in an Annual Update to the Service and Assessment Plan.

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. The Service Plan for the District is summarized on **Exhibit D**.

The sources and uses of funds required to construct the Authorized Improvements and pay the District Formation Costs and Bond Issuance Costs are summarized on **Exhibit E**. 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 or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

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 Improvement Area #1 Improvements shall be allocated according to the formula in **Section VI.A**, and all Lots within Improvement Area #1 are determined to be Lot Type 1 Lots. As such, each Lot within Improvement Area #1 is allocated the same Assessment and all Lots within Improvement Area #1 are equally benefitted by the Improvement Area #1 Improvements. Upon subdivision or consolidation of an Improvement Area #1 Assessed Property, the Improvement Area #1 Improvements shall be reallocated to each Lot Type based on Estimated Buildout Value described in **Section VI**.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds are contemplated, this Service and Assessment Plan will be amended to determine the assessment methodology necessary to apply equal shares of Actual Costs of Future Improvement Area Improvements on Assessed Property similarly benefited within that Future Improvement Area.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property 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-1** and the projected Annual Installments for Lot Type 1 are shown on **Exhibit G-2**, subject to revisions made during any Annual Service Plan Update.

The Maximum Assessment for Lot Type 1 is shown on **Exhibit H**. In no case will the Assessment for Lot Type 1 exceed the Maximum Assessment.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds are contemplated, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installment associated with the costs of Future

Improvement Area Improvements or each Lot located within a Future Improvement Area. The Assessment shall not exceed the benefit received by the Assessed Property.

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 City, has found and determined:

- *Improvement Area #1*

  1. The cost of Improvement Area #1 Improvements equal $5,951,204 as shown on **Exhibit C**; and

  2. The Improvement Area #1 Improvements, and the issuance of PID Bonds, including financing costs, allow the Improvement Area #1 Assessed Property to be developed into residential lots, which are inherently more valuable than raw, undeveloped vacant land. As such, the Developer intends for the increase in value of the land resulting from the construction of the Improvement Area #1 Improvements to be greater than the cost of the Improvement Area #1 Improvements, with the difference equaling the Developer's profit. As such, the City Council has determined that the Improvement Area #1 Assessed Property receives special benefit equal to or greater than the costs of the Improvement Area #1 Improvements; and

  3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Improvements, which equal $4,180,000 as shown on the Improvement Area #1 Assessment Roll, attached hereto on **Exhibit F**; and

  4. The special benefit ($5,951,204) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Improvements is equal or greater than the amount of the Improvement Area #1 Assessments ($4,180,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Improvements; and

  5. At the time the City Council approved the Assessment Ordinance for the Improvement Area #1 Assessments, the Developer owned 100% of the Improvement Area #1 Assessed Property. The Developer has acknowledged that the Improvement Area #1 Improvements 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 the Actual Costs associated therewith. The Developer has ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the

Assessment Ordinance for the Improvement Area #1 Assessments; (2) the Service and Assessment Plan and the Assessment Ordinance for the Improvement Area #1 Assessments, and (3) the levying of Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

Exhibit H shows the estimated special benefit per Lot Type within Improvement Area #1 based on the Improvement Area #1 Plat attached as **Exhibit L**.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessments remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of Annual Installments in the amounts shown on **Exhibit G-1**, 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 for purposes of paying debt service on the PID Bonds shall exceed the interest rate on the PID Bonds by the Additional Interest Rate. Additional Interest will not be collected on the Improvement Area #1 Reimbursement Obligation. Additional Interest shall be collected as part of each Annual Installment collected for purposes of paying debt service on the PID Bonds *and* shall be deposited into the Delinquency and Prepayment Reserve Fund, pursuant to the Indenture.

F. Future Bonds to Finance Improvement Area #1 Reimbursement Obligation

The City may issue PID Bonds to finance the remaining Improvement Area #1 Reimbursement Obligation. At the time of such financing, the interest currently charged and paid on the portion of the Improvement Area #1 Assessments allocated to Improvement Area #1 Reimbursement Obligation shall cease being paid to the Developer and the portion of the Improvement Area #1 Assessments currently allocated to the Improvement Area #1 Reimbursement Obligation shall then bear interest at the rate of the PID Bonds issued to finance the Improvement Area #1 Reimbursement Obligation plus the Additional Interest.

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 x (C ÷ 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 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, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Parcel according to the following formula:

A = [B x (C ÷ D)]/E

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E= the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

The sum of the Assessments for all newly subdivided Parcels 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 Assessed Properties are consolidated, the Administrator shall allocate the Assessments against the Assessed Properties before the consolidation to the consolidated Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit H** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B.**

B. True-up of Assessments if Maximum Assessment Exceeded

Prior to the City approving a final subdivision plat for Improvement Area #1 Assessed Property, the Administrator will certify that such plat will not result in the Assessment for Lot Type 1 exceeding the Maximum Assessment. If the Administrator determines that the resulting Assessment for Lot Type 1 exceeds the Maximum Assessment, then (1) the Assessment applicable to Lot Type 1 shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat.

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 City 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 to the City 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 costs estimated herein, each Assessment shall be reduced on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Any excess PID Bond

proceeds remaining as a result of a cost savings for Authorized Improvements shall be applied to redeem the applicable series of outstanding PID Bonds. Any such reduction in the costs of the Authorized Improvements shall also reduce the Reimbursement Obligation under the related Reimbursement Agreement. The Assessments for each Improvement Area shall not, however, be reduced to an amount less than the related outstanding PID Bonds.

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

Similarly, if a portion of the Authorized Improvements to be funded with a series of PID Bonds or pursuant to a Reimbursement Agreement are not undertaken resulting in excess PID Bond proceeds or excess Assessment revenues, then the City may, in its discretion (i) in accordance with the applicable Indenture, reduce the Assessment for each Assessed Property securing the applicable PID Bonds on a pro-rata basis, or as otherwise determined by the City in accordance with the Indenture, to reflect only the Actual Costs that were expended and deposit and apply such excess PID Bond proceeds as described in the paragraph above or as authorized in the Indenture or (ii) reduce the applicable Improvement Area Assessment and the corresponding Reimbursement Obligation.

The Assessments shall not be reduced to an amount less than the amount due on the related outstanding series of PID Bonds and any related Reimbursement Obligation, as such Reimbursement Obligation may be reduced pursuant to this Section. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Assessed Properties from the Authorized Improvements completed.

If all the Authorized Improvements are not undertaken in any Improvement Area resulting in excess PID Bonds proceeds and excess Assessment revenues, then the City shall, at its discretion (i) in accordance with the applicable Indenture, reduce Assessments and Annual Installments for each applicable Assessed Property on a pro-rata basis to reflect only the amounts required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, Annual Collection Costs, and/or (ii) reduce the outstanding Reimbursement Obligation relating to the applicable Reimbursement Agreement and reduce the applicable Assessments and Annual Installments to reflect only the amount required to repay the resulting reduced Reimbursement Obligation, if any. The applicable excess PID Bond proceeds shall be applied to redeem PID Bonds as set forth in the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the amount due on the related outstanding PID Bonds.

The City Council may reduce the Assessments and the Annual Installments for Assessed Property (1) in an amount that represents the Authorized Improvements provided for each property; (2) by an equal percentage per Residential Lot; or (3) In any other manner determined by the City Council to be the most fair and practical means of reducing the Assessments for Assessed Property, such that the sum of the resulting reduced Assessments equals the amount required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, the Annual Collection Costs portion of the Assessment, and any Reimbursement Obligation.

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any portion of an Assessment in accordance with the PID Act, including all Prepayment Costs. If Prepayments will result in redemption of PID Bonds, the payment amount shall be reduced by the amount, if any, of reserve funds applied to the redemption under the Indenture, net of any other costs applicable to the redemption of PID Bonds as set forth in 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 the principal portion of an Assessment is paid in full, with interest accrued to the date of Prepayment: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval 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 K**.

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

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

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. The owner 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.

Following the initiation of the Taking, the Administrator will be required to determine the portion of the Assessment that was levied against the Assessed Property that would have been allocated to the Taken Property prior to its reclassification as Non-Benefitted Property based on a manner that results in imposing equal shares of the costs of the applicable Authorized Improvements on property similarly benefitted.

The owner shall make a Prepayment of the Assessment in an amount equal to the amount determined by the Administrator in the above paragraph prior to the transfer of ownership of the Taken Property.

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, and the Owner shall owe $10 as a prepayment for the Taken Property.

Notwithstanding the previous paragraphs in this subsection if the Administrator determines that the Taking prevents the Remaining Property from being developed as shown on the final plat, the owner shall be required to prepay the total amount of the Assessment levied against the Remaining Property within sixty (60) days of such determination.

G. Payment of Assessment in Annual Installments

Exhibit G-1 shows the projected Annual Installments, **Exhibit G-2** shows the Lot Type 1 Annual Installments. 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.

If any Parcel shown on the Assessment Roll is assigned multiple tax identification numbers, the Annual Installment shall be allocated pro rata based on the acreage of the property as shown by Harris County Appraisal District for each tax identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Property for which Assessments remain unpaid based on the amount of the outstanding Assessment on each Assessed Property. 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.

Foreclosure 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, Indenture, and Development Agreement. 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 relating to PID Bonds issued for Improvement Area #1 shall be due when billed and shall be delinquent if not paid prior to February 1, 2021.

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

H. Allocating Annual Installments if Assessed Property is Sold

If Assessed Property is sold, the Annual Installment shall be allocated between the buyer and seller in the same methodology as property taxes.

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 Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

As Future Neighborhood Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment for each Lot located within such Future Improvement Areas.

SECTION VIII: ADDITIONAL PROVISIONS

A. Administrative Review

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

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

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council, shall be conclusive as long as there is a reasonable basis for such

determination. This procedure shall be exclusive and its exhaustion by any property Owner shall be a condition precedent to any other appeal or legal action by such Owner.

B. Termination of Assessments

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the Owner of the affected Assessed Property a recordable "Notice of the PID Assessment Termination," attached hereto as **Exhibit K**.

C. 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; (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan; and (4) for any other purpose authorized by the PID Act.

D. 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 by 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.

E. Severability

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

LIST OF EXHIBITS

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

Exhibit A	District Legal Description
Exhibit B	District Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan
Exhibit E	Sources and Uses
Exhibit F	Improvement Area #1 Assessment Roll
Exhibit G-1	Improvement Area #1 Annual Installments
Exhibit G-2	Lot Type 1 Annual Installments
Exhibit H	Maximum Assessment and Special Benefit per Lot Type
Exhibit I	Concept Plan
Exhibit J	Improvement Area #1 Improvements Map
Exhibit K	Notice of PID Assessment Termination
Exhibit L	Improvement Area #1 Plat

EXHIBIT A – DISTRICT LEGAL DESCRIPTION

105.0452 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352, 353, 355, 356, 358, 359, 361, 362, 363, 364, 365, a portion of Outlot 354 all as shown on the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, all of that certain called 0.2616 of one acre, 0.7990 of one acre and 0.2732 of one acre of land all described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number RP-2019-400099, said 105.0452 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of an Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 162.27 feet to the Northwesterly corner of said 0.2616 acre tract;

Thence, N 87°47'53" E, along the Southerly line of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 508.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffsmith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffsmith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane and a projection thereof, at 476.29 feet pass the Southeasterly corner of said 0.2616 acre tract, in all a total distance of 506.29 feet to the Southwesterly corner of said 0.2616 acre tract;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 832.20 feet to the Northwesterly corner of said 0.2732 acre tract;

Thence, N 87°15'10" E, along the Southerly line of that certain Reserve “B” of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 572.96 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of that certain Reserve “C” of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve “C”, a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk’s File Number G259047 and the Northeasterly corner of said Outlot 368;

Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368 and a projection thereof, at 542.93 feet pass the Southeasterly corner of said 0.2732 acre tract, in all a total distance of 572.93 feet to the Southwesterly corner of said 0.2732 acre tract;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 496.74 feet to a 5/8 inch iron rod with cap set for the Southeasterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of that certain Outlot 366 of said Corrected Map of Tomball Outlots and said Outlot 367, a distance of 1,162.57 feet to a PK Nail found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 366 and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 3,772.74 feet to the POINT OF BEGINNING and containing 105.0452 acres of land.

EXHIBIT B – DISTRICT BOUNDARY MAP

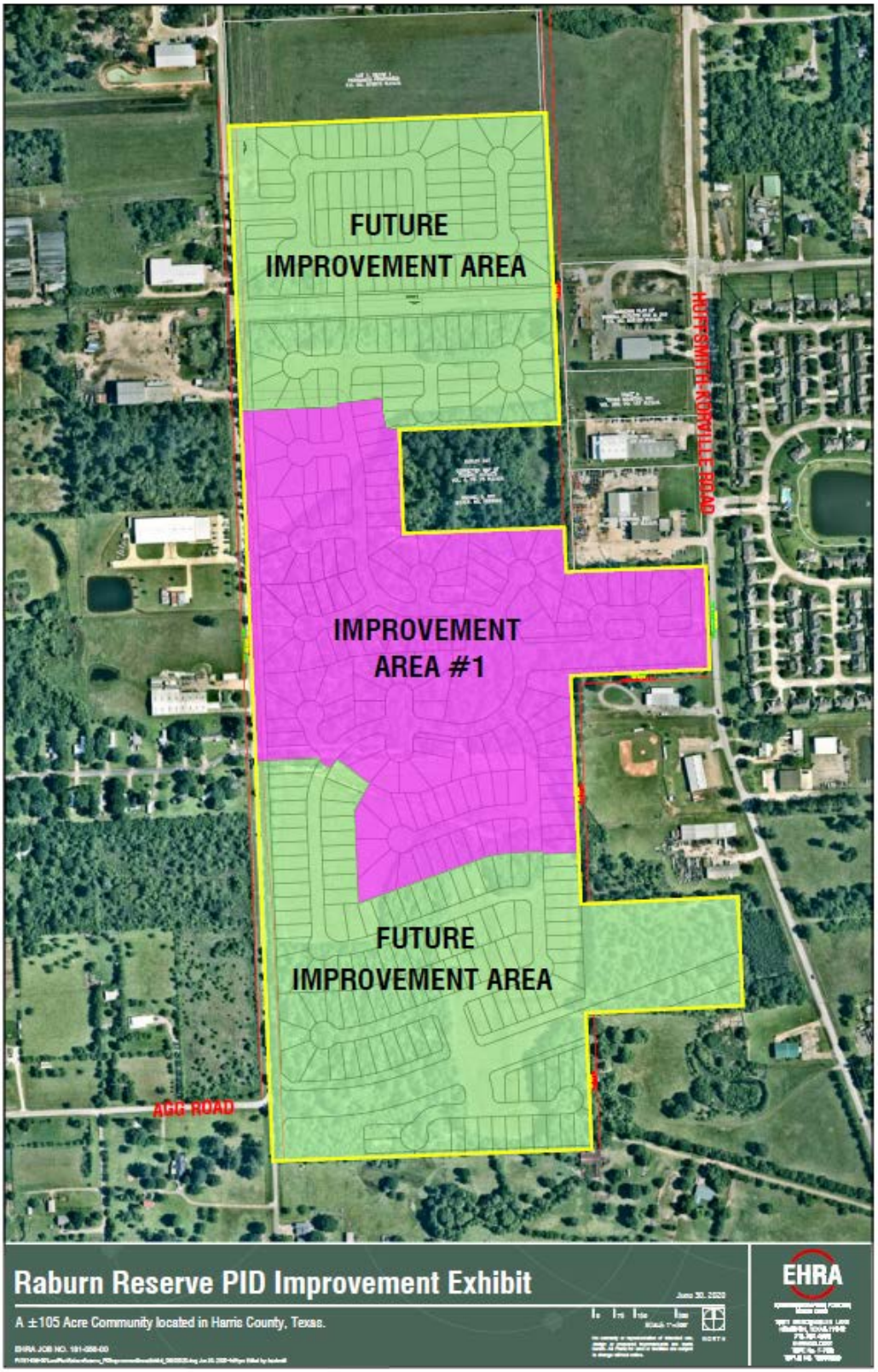


EXHIBIT C – AUTHORIZED IMPROVEMENTS

Authorized Improvements	Total Costs [a]	Improvement Area #1 %	Improvement Area #1 Cost
Improvement Area #1 Improvements			
Roadway [b]	1,882,152	100.00%	$ 1,882,152
Water	212,679	100.00%	212,679
Wastewater	499,294	100.00%	499,294
Storm Water [c]	1,362,175	100.00%	1,362,175
Natural Gas	150,840	100.00%	150,840
Soft Costs [d]	760,656	100.00%	760,656
	$ 4,867,795		$ 4,867,795
Bond Issuance Costs [e]			
District Formation Costs	$ 150,000		$ 150,000
Debt Service Reserve Fund	231,113		231,113
Capitalized Interest	112,396		112,396
Deposit to Delinquency and Prepayment Reserve	20,900		20,900
Deposit to Administrative Expense Fund	60,000		60,000
Underwriter's Discount	200,000		200,000
Cost of Issuance	309,000		309,000
	$ 1,083,408		$ 1,083,408
Total	**$ 5,951,204**		**$ 5,951,204**

Footnotes:

[a] Costs pursuant to EHRA Engineering's Preliminary Cost Estimate.

[b] Roadway includes excavation, paving, clearing, grubbing and site prep.

[c] Storm Water includes on and off-site costs as well as storm water pollution prevention plan.

[d] Soft Costs include engineering fees, geotech and construction materials testing fees and construction staking fees.

[e] Bond Issuance Costs include estimated costs for issuing PID Bonds to refund the Improvement Area #1 Reimbursement Obligation.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Annual Installments Due		**1/31/2021**	**1/31/2022**	**1/31/2023**	**1/31/2024**	**1/31/2025**
Improvement Area #1 Series A Bonds						
Principal		$ -	$ 35,000.00	$ 40,000.00	$ 40,000.00	$ 45,000.00
Interest		$ 112,395.83	$ 124,500.00	$ 122,750.00	$ 120,750.00	$ 118,750.00
Capitalized Interest		$ (112,395.83)	$ -	$ -	$ -	$ -
	(1)	$ -	$ 159,500.00	$ 162,750.00	$ 160,750.00	$ 163,750.00
Improvement Area #1 Reimbursement Obligation						
Principal		$ -	$ 30,000.00	$ 25,000.00	$ 30,000.00	$ 30,000.00
Interest		$ -	$ 80,275.00	$ 78,850.00	$ 77,662.50	$ 76,237.50
	(2)	$ -	$ 110,275.00	$ 103,850.00	$ 107,662.50	$ 106,237.50
Annual Collection Costs	(3)	$ -	$ 53,000.00	$ 53,000.00	$ 53,000.00	$ 53,000.00
Prepayment and Delinquency Reserve	(4)	$ -	$ 12,450.00	$ 12,275.00	$ 12,075.00	$ 11,875.00
Total Annual Installment	**(5)=(1)+(2)+(3)+(4)**	**$ -**	**$ 335,225.00**	**$ 331,875.00**	**$ 333,487.50**	**$ 334,862.50**
Total Annual Expenditures	(6)	$ 2,525,779.00	$ 2,342,015.00	$ -	$ -	$ -

Preliminary and subject to change.

EXHIBIT E – SOURCES AND USES

	Improvement Area #1 Series A Bond	Improvement Area #1 Reimbursement Obligation	Developer Contribution	Improvement Area #1 Total
Sources of Funds				
Improvement Area #1 Series A Bond	$ 2,490,000	$ -	$ -	$ 2,490,000
Improvement Area #1 Reimbursement Obligation	-	1,690,000	-	1,690,000
Developer Contribution	-	-	1,771,204	1,771,204
Total Sources	**$ 2,490,000**	**$ 1,690,000**	**$ 1,771,204**	**$ 5,951,204**
Uses of Funds				
Improvement Area #1 Improvements	$ 1,857,154	$ 1,389,438	$ 1,621,204	$ 4,867,795
Bond Issuance Costs				
District Formation Costs	$ -	$ -	$ 150,000	$ 150,000
Debt Service Reserve Fund	173,500	57,613	-	231,113
Capitalized Interest	112,396	-	-	112,396
Deposit to Delinquency and Prepayment Reserve	12,450	8,450	-	20,900
Deposit to Administrative Expense Fund	60,000	-	-	60,000
Underwriter's Discount	100,000	100,000	-	200,000
Cost of Issuance	174,500	134,500	-	309,000
	$ 632,846	**$ 300,563**	**$ 150,000**	**$ 1,083,408**
Total Uses	**$ 2,490,000**	**$ 1,690,000**	**$ 1,771,204**	**$ 5,951,204**

Note: Bond Issuance Costs are estiamtes and will be updated at the time of bond issuance.

Preliminary and subject to change.

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

		Improvement Area #1	
Lot and Block	Lot Type	Outstanding Assessment	Annual Installment due 1/31/21[1]
Block 1, Lot 1	1	$ 31,428.57	$ -
Block 1, Lot 2	1	$ 31,428.57	$ -
Block 1, Lot 3	1	$ 31,428.57	$ -
Block 1, Lot 4	1	$ 31,428.57	$ -
Block 1, Lot 5	1	$ 31,428.57	$ -
Block 1, Lot 6	1	$ 31,428.57	$ -
Block 1, Lot 7	1	$ 31,428.57	$ -
Block 1, Lot 8	1	$ 31,428.57	$ -
Block 1, Lot 9	1	$ 31,428.57	$ -
Block 1, Lot 10	1	$ 31,428.57	$ -
Block 1, Lot 11	1	$ 31,428.57	$ -
Block 1, Lot 12	1	$ 31,428.57	$ -
Block 1, Lot 13	1	$ 31,428.57	$ -
Block 1, Lot 14	1	$ 31,428.57	$ -
Block 1, Lot 15	1	$ 31,428.57	$ -
Block 1, Lot 16	1	$ 31,428.57	$ -
Block 1, Lot 17	1	$ 31,428.57	$ -
Block 1, Lot 18	1	$ 31,428.57	$ -
Block 1, Lot 19	1	$ 31,428.57	$ -
Block 1, Lot 20	1	$ 31,428.57	$ -
Block 1, Lot 21	1	$ 31,428.57	$ -
Block 1, Lot 22	1	$ 31,428.57	$ -
Block 1, Lot 23	1	$ 31,428.57	$ -
Block 1, Lot 24	1	$ 31,428.57	$ -
Block 1, Lot 25	1	$ 31,428.57	$ -
Block 1, Lot 26	1	$ 31,428.57	$ -
Block 1, Lot 27	1	$ 31,428.57	$ -
Block 1, Lot 28	1	$ 31,428.57	$ -
Block 1, Lot 29	1	$ 31,428.57	$ -
Block 1, Lot 30	1	$ 31,428.57	$ -
Block 1, Lot 31	1	$ 31,428.57	$ -
Block 1, Lot 32	1	$ 31,428.57	$ -
Block 1, Lot 33	1	$ 31,428.57	$ -
Block 1, Lot 34	1	$ 31,428.57	$ -
Block 1, Lot 35	1	$ 31,428.57	$ -
Block 1, Lot 36	1	$ 31,428.57	$ -
Block 1, Lot 37	1	$ 31,428.57	$ -
Block 1, Lot 38	1	$ 31,428.57	$ -
Block 1, Lot 39	1	$ 31,428.57	$ -
Block 1, Lot 40	1	$ 31,428.57	$ -

Preliminary and subject to change.

Lot and Block	Lot Type	Improvement Area #1 Outstanding Assessment	Improvement Area #1 Annual Installment due 1/31/21[1]
Block 1, Lot 41	1	$ 31,428.57	$ -
Block 1, Lot 42	1	$ 31,428.57	$ -
Block 1, Lot 43	1	$ 31,428.57	$ -
Block 1, Lot 44	1	$ 31,428.57	$ -
Block 1, Lot 45	1	$ 31,428.57	$ -
Block 1, Lot 46	1	$ 31,428.57	$ -
Block 1, Lot 47	1	$ 31,428.57	$ -
Block 1, Lot 48	1	$ 31,428.57	$ -
Block 1, Lot 49	1	$ 31,428.57	$ -
Block 1, Lot 50	1	$ 31,428.57	$ -
Block 1, Lot 51	1	$ 31,428.57	$ -
Block 1, Lot 52	1	$ 31,428.57	$ -
Block 1, Lot 53	1	$ 31,428.57	$ -
Block 1, Lot 54	1	$ 31,428.57	$ -
Block 1, Lot 55	1	$ 31,428.57	$ -
Block 1, Lot 56	1	$ 31,428.57	$ -
Block 2, Lot 1	1	$ 31,428.57	$ -
Block 2, Lot 2	1	$ 31,428.57	$ -
Block 2, Lot 3	1	$ 31,428.57	$ -
Block 2, Lot 4	1	$ 31,428.57	$ -
Block 2, Lot 5	1	$ 31,428.57	$ -
Block 2, Lot 6	1	$ 31,428.57	$ -
Block 2, Lot 7	1	$ 31,428.57	$ -
Block 2, Lot 8	1	$ 31,428.57	$ -
Block 2, Lot 9	1	$ 31,428.57	$ -
Block 2, Lot 10	1	$ 31,428.57	$ -
Block 2, Lot 11	1	$ 31,428.57	$ -
Block 2, Lot 12	1	$ 31,428.57	$ -
Block 2, Lot 13	1	$ 31,428.57	$ -
Block 2, Lot 14	1	$ 31,428.57	$ -
Block 2, Lot 15	1	$ 31,428.57	$ -
Block 2, Lot 16	1	$ 31,428.57	$ -
Block 2, Lot 17	1	$ 31,428.57	$ -
Block 2, Lot 18	1	$ 31,428.57	$ -
Block 2, Lot 19	1	$ 31,428.57	$ -
Block 2, Lot 20	1	$ 31,428.57	$ -
Block 2, Lot 21	1	$ 31,428.57	$ -
Block 2, Lot 22	1	$ 31,428.57	$ -
Block 2, Lot 23	1	$ 31,428.57	$ -
Block 2, Lot 24	1	$ 31,428.57	$ -
Block 2, Lot 25	1	$ 31,428.57	$ -
Block 2, Lot 26	1	$ 31,428.57	$ -
Block 2, Lot 27	1	$ 31,428.57	$ -
Block 2, Lot 28	1	$ 31,428.57	$ -
Block 2, Lot 29	1	$ 31,428.57	$ -
Block 2, Lot 30	1	$ 31,428.57	$ -
Block 2, Lot 31	1	$ 31,428.57	$ -
Block 2, Lot 32	1	$ 31,428.57	$ -
Block 3, Lot 1	1	$ 31,428.57	$ -
Block 3, Lot 2	1	$ 31,428.57	$ -

Preliminary and subject to change.

		Improvement Area #1	
Lot and Block	Lot Type	Outstanding Assessment	Annual Installment due 1/31/21[1]
Block 3, Lot 3	1	$ 31,428.57	$ -
Block 3, Lot 4	1	$ 31,428.57	$ -
Block 3, Lot 5	1	$ 31,428.57	$ -
Block 3, Lot 6	1	$ 31,428.57	$ -
Block 3, Lot 7	1	$ 31,428.57	$ -
Block 3, Lot 8	1	$ 31,428.57	$ -
Block 3, Lot 9	1	$ 31,428.57	$ -
Block 3, Lot 10	1	$ 31,428.57	$ -
Block 3, Lot 11	1	$ 31,428.57	$ -
Block 4, Lot 1	1	$ 31,428.57	$ -
Block 4, Lot 2	1	$ 31,428.57	$ -
Block 4, Lot 3	1	$ 31,428.57	$ -
Block 4, Lot 4	1	$ 31,428.57	$ -
Block 4, Lot 5	1	$ 31,428.57	$ -
Block 4, Lot 6	1	$ 31,428.57	$ -
Block 4, Lot 7	1	$ 31,428.57	$ -
Block 4, Lot 8	1	$ 31,428.57	$ -
Block 4, Lot 9	1	$ 31,428.57	$ -
Block 4, Lot 10	1	$ 31,428.57	$ -
Block 4, Lot 11	1	$ 31,428.57	$ -
Block 4, Lot 12	1	$ 31,428.57	$ -
Block 4, Lot 13	1	$ 31,428.57	$ -
Block 4, Lot 14	1	$ 31,428.57	$ -
Block 4, Lot 15	1	$ 31,428.57	$ -
Block 4, Lot 16	1	$ 31,428.57	$ -
Block 4, Lot 17	1	$ 31,428.57	$ -
Block 4, Lot 18	1	$ 31,428.57	$ -
Block 4, Lot 19	1	$ 31,428.57	$ -
Block 4, Lot 20	1	$ 31,428.57	$ -
Block 4, Lot 21	1	$ 31,428.57	$ -
Block 4, Lot 22	1	$ 31,428.57	$ -
Block 4, Lot 23	1	$ 31,428.57	$ -
Block 4, Lot 24	1	$ 31,428.57	$ -
Block 4, Lot 25	1	$ 31,428.57	$ -
Block 4, Lot 26	1	$ 31,428.57	$ -
Block 4, Lot 27	1	$ 31,428.57	$ -
Block 4, Lot 28	1	$ 31,428.57	$ -
Block 4, Lot 29	1	$ 31,428.57	$ -
Block 4, Lot 30	1	$ 31,428.57	$ -
Block 4, Lot 31	1	$ 31,428.57	$ -
Block 4, Lot 32	1	$ 31,428.57	$ -
Block 4, Lot 33	1	$ 31,428.57	$ -
Block 4, Lot 34	1	$ 31,428.57	$ -
Total		**$ 4,180,000.00**	**$ -**

[1] These lots have not been assigned a Property ID by the Harris County Appraisal District. Capitalized interest will cover the debt service requirements through the first installment which is due 1/31/2022. The Outstanding Assessment shown is the principal portion of the Assessment only and does not include accrued interest. Totals may not sum due to rounding.

Preliminary and subject to change.

EXHIBIT G-1 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

	Improvement Area #1 Series A Bonds			IA #1 Reimbursement Obligation				
Annual Installments Due	Principal	Interest[1]	Capitalized Interest	Principal	Interest[2]	Additional Interest	Annual Collection Costs[3]	Total Annual Installment
1/31/2021	$ -	$ 112,396	$ (112,396)	$ -	$ -	$ -	$ -	$ -
1/31/2022	$ 35,000	$ 124,500	$ -	$ 30,000	$ 80,275	$ 12,450	$ 53,000	$ 335,225
1/31/2023	$ 40,000	$ 122,750	$ -	$ 25,000	$ 78,850	$ 12,275	$ 53,000	$ 331,875
1/31/2024	$ 40,000	$ 120,750	$ -	$ 30,000	$ 77,663	$ 12,075	$ 53,000	$ 333,488
1/31/2025	$ 45,000	$ 118,750	$ -	$ 30,000	$ 76,238	$ 11,875	$ 53,000	$ 334,863
1/31/2026	$ 45,000	$ 116,500	$ -	$ 35,000	$ 74,813	$ 11,650	$ 53,000	$ 335,963
1/31/2027	$ 50,000	$ 114,250	$ -	$ 30,000	$ 73,150	$ 11,425	$ 53,000	$ 331,825
1/31/2028	$ 50,000	$ 111,750	$ -	$ 35,000	$ 71,725	$ 11,175	$ 53,000	$ 332,650
1/31/2029	$ 55,000	$ 109,250	$ -	$ 35,000	$ 70,063	$ 10,925	$ 53,000	$ 333,238
1/31/2030	$ 55,000	$ 106,500	$ -	$ 40,000	$ 68,400	$ 10,650	$ 53,000	$ 333,550
1/31/2031	$ 60,000	$ 103,750	$ -	$ 40,000	$ 66,500	$ 10,375	$ 53,000	$ 333,625
1/31/2032	$ 65,000	$ 100,750	$ -	$ 40,000	$ 64,600	$ 10,075	$ 53,000	$ 333,425
1/31/2033	$ 65,000	$ 97,500	$ -	$ 45,000	$ 62,700	$ 9,750	$ 53,000	$ 332,950
1/31/2034	$ 70,000	$ 94,250	$ -	$ 50,000	$ 60,563	$ 9,425	$ 53,000	$ 337,238
1/31/2035	$ 75,000	$ 90,750	$ -	$ 50,000	$ 58,188	$ 9,075	$ 53,000	$ 336,013
1/31/2036	$ 80,000	$ 87,000	$ -	$ 50,000	$ 55,813	$ 8,700	$ 53,000	$ 334,513
1/31/2037	$ 80,000	$ 83,000	$ -	$ 60,000	$ 53,438	$ 8,300	$ 53,000	$ 337,738
1/31/2038	$ 85,000	$ 79,000	$ -	$ 60,000	$ 50,588	$ 7,900	$ 53,000	$ 335,488
1/31/2039	$ 90,000	$ 74,750	$ -	$ 65,000	$ 47,738	$ 7,475	$ 53,000	$ 337,963
1/31/2040	$ 95,000	$ 70,250	$ -	$ 65,000	$ 44,650	$ 7,025	$ 53,000	$ 334,925
1/31/2041	$ 100,000	$ 65,500	$ -	$ 70,000	$ 41,563	$ 6,550	$ 53,000	$ 336,613
1/31/2042	$ 105,000	$ 60,500	$ -	$ 75,000	$ 38,238	$ 6,050	$ 53,000	$ 337,788
1/31/2043	$ 115,000	$ 55,250	$ -	$ 75,000	$ 34,675	$ 5,525	$ 53,000	$ 338,450
1/31/2044	$ 120,000	$ 49,500	$ -	$ 80,000	$ 31,113	$ 4,950	$ 53,000	$ 338,563
1/31/2045	$ 125,000	$ 43,500	$ -	$ 85,000	$ 27,313	$ 4,350	$ 53,000	$ 338,163
1/31/2046	$ 135,000	$ 37,250	$ -	$ 85,000	$ 23,275	$ 3,725	$ 53,000	$ 337,250
1/31/2047	$ 140,000	$ 30,500	$ -	$ 95,000	$ 19,238	$ 3,050	$ 53,000	$ 340,788
1/31/2048	$ 150,000	$ 23,500	$ -	$ 95,000	$ 14,725	$ 2,350	$ 53,000	$ 338,575
1/31/2049	$ 155,000	$ 16,000	$ -	$ 105,000	$ 10,213	$ 1,600	$ 53,000	$ 340,813
1/31/2050	$ 165,000	$ 8,250	$ -	$ 110,000	$ 5,225	$ 825	$ 53,000	$ 342,300
Total	**$ 2,490,000**	**$ 2,428,146**	**$ (112,396)**	**$ 1,690,000**	**$ 1,481,525**	**$ 231,575**	**$ 1,537,000**	**$ 9,745,850**

[1] Interest on the Improvement Area #1 Bonds is calculated at a 5.00% rate.

[2] Interest on the Improvement Area #1 Reimbursement Obligation is calculated at a 4.75% rate.

[3] $60 per lot ($7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

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.

Preliminary and subject to change.

EXHIBIT G-2 – LOT TYPE 1 ANNUAL INSTALLMENTS

	Improvement Area #1 Series A Bonds			IA #1 Reimbursement Obligation				
Annual Installments Due	Principal	Interest[1]	Capitalized Interest	Principal	Interest[2]	Additional Interest	Annual Collection Costs	Total Annual Installment
1/31/2021	$ -	$ 845.08	$ (845.08)	$ -	$ -	$ -	$ -	$ -
1/31/2022	$ 263.16	$ 936.09	$ -	$ 225.56	$ 603.57	$ 93.61	$ 398.50	$ 2,520.49
1/31/2023	$ 300.75	$ 922.93	$ -	$ 187.97	$ 592.86	$ 92.29	$ 398.50	$ 2,495.30
1/31/2024	$ 300.75	$ 907.89	$ -	$ 225.56	$ 583.93	$ 90.79	$ 398.50	$ 2,507.42
1/31/2025	$ 338.35	$ 892.86	$ -	$ 225.56	$ 573.21	$ 89.29	$ 398.50	$ 2,517.76
1/31/2026	$ 338.35	$ 875.94	$ -	$ 263.16	$ 562.50	$ 87.59	$ 398.50	$ 2,526.03
1/31/2027	$ 375.94	$ 859.02	$ -	$ 225.56	$ 550.00	$ 85.90	$ 398.50	$ 2,494.92
1/31/2028	$ 375.94	$ 840.23	$ -	$ 263.16	$ 539.29	$ 84.02	$ 398.50	$ 2,501.13
1/31/2029	$ 413.53	$ 821.43	$ -	$ 263.16	$ 526.79	$ 82.14	$ 398.50	$ 2,505.55
1/31/2030	$ 413.53	$ 800.75	$ -	$ 300.75	$ 514.29	$ 80.08	$ 398.50	$ 2,507.89
1/31/2031	$ 451.13	$ 780.08	$ -	$ 300.75	$ 500.00	$ 78.01	$ 398.50	$ 2,508.46
1/31/2032	$ 488.72	$ 757.52	$ -	$ 300.75	$ 485.71	$ 75.75	$ 398.50	$ 2,506.95
1/31/2033	$ 488.72	$ 733.08	$ -	$ 338.35	$ 471.43	$ 73.31	$ 398.50	$ 2,503.38
1/31/2034	$ 526.32	$ 708.65	$ -	$ 375.94	$ 455.36	$ 70.86	$ 398.50	$ 2,535.62
1/31/2035	$ 563.91	$ 682.33	$ -	$ 375.94	$ 437.50	$ 68.23	$ 398.50	$ 2,526.41
1/31/2036	$ 601.50	$ 654.14	$ -	$ 375.94	$ 419.64	$ 65.41	$ 398.50	$ 2,515.13
1/31/2037	$ 601.50	$ 624.06	$ -	$ 451.13	$ 401.79	$ 62.41	$ 398.50	$ 2,539.38
1/31/2038	$ 639.10	$ 593.98	$ -	$ 451.13	$ 380.36	$ 59.40	$ 398.50	$ 2,522.46
1/31/2039	$ 676.69	$ 562.03	$ -	$ 488.72	$ 358.93	$ 56.20	$ 398.50	$ 2,541.07
1/31/2040	$ 714.29	$ 528.20	$ -	$ 488.72	$ 335.71	$ 52.82	$ 398.50	$ 2,518.23
1/31/2041	$ 751.88	$ 492.48	$ -	$ 526.32	$ 312.50	$ 49.25	$ 398.50	$ 2,530.92
1/31/2042	$ 789.47	$ 454.89	$ -	$ 563.91	$ 287.50	$ 45.49	$ 398.50	$ 2,539.76
1/31/2043	$ 864.66	$ 415.41	$ -	$ 563.91	$ 260.71	$ 41.54	$ 398.50	$ 2,544.74
1/31/2044	$ 902.26	$ 372.18	$ -	$ 601.50	$ 233.93	$ 37.22	$ 398.50	$ 2,545.58
1/31/2045	$ 939.85	$ 327.07	$ -	$ 639.10	$ 205.36	$ 32.71	$ 398.50	$ 2,542.58
1/31/2046	$ 1,015.04	$ 280.08	$ -	$ 639.10	$ 175.00	$ 28.01	$ 398.50	$ 2,535.71
1/31/2047	$ 1,052.63	$ 229.32	$ -	$ 714.29	$ 144.64	$ 22.93	$ 398.50	$ 2,562.31
1/31/2048	$ 1,127.82	$ 176.69	$ -	$ 714.29	$ 110.71	$ 17.67	$ 398.50	$ 2,545.68
1/31/2049	$ 1,165.41	$ 120.30	$ -	$ 789.47	$ 76.79	$ 12.03	$ 398.50	$ 2,562.50
1/31/2050	$ 1,240.60	$ 62.03	$ -	$ 827.07	$ 39.29	$ 6.20	$ 398.50	$ 2,573.68
Total	**$ 18,721.80**	**$ 18,256.74**	**$ (845.08)**	**$ 12,706.77**	**$ 11,139.29**	**$ 1,741.17**	**$ 11,556.39**	**$ 73,277.07**

[1] Interest on the Improvement Area #1 Bonds is calculated at a 5.00% rate.

[2] Interest on the Improvement Area #1 Reimbursement Obligation is calculated at a 4.75% rate.

[3] $60 per lot ($7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

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

Preliminary and subject to change.

EXHIBIT H – MAXIMUM ASSESSMENT AND SPECIAL BENEFIT PER LOT TYPE

Lot Type	Units	Assessment	Maximum Assessment per Lot Type	Special Benefit	Special Benefit per Lot Type
Improvement Area #1					
1	133	$ 4,180,000	$ 31,429	$ 5,951,204	$ 44,746
Total	**133**	**$ 4,180,000**		**$ 5,951,204**	

Note: Subject to the Improvement Area #1 Plat attached as **Exhibit L**.

Preliminary and subject to change.

EXHIBIT I – CONCEPT PLAN

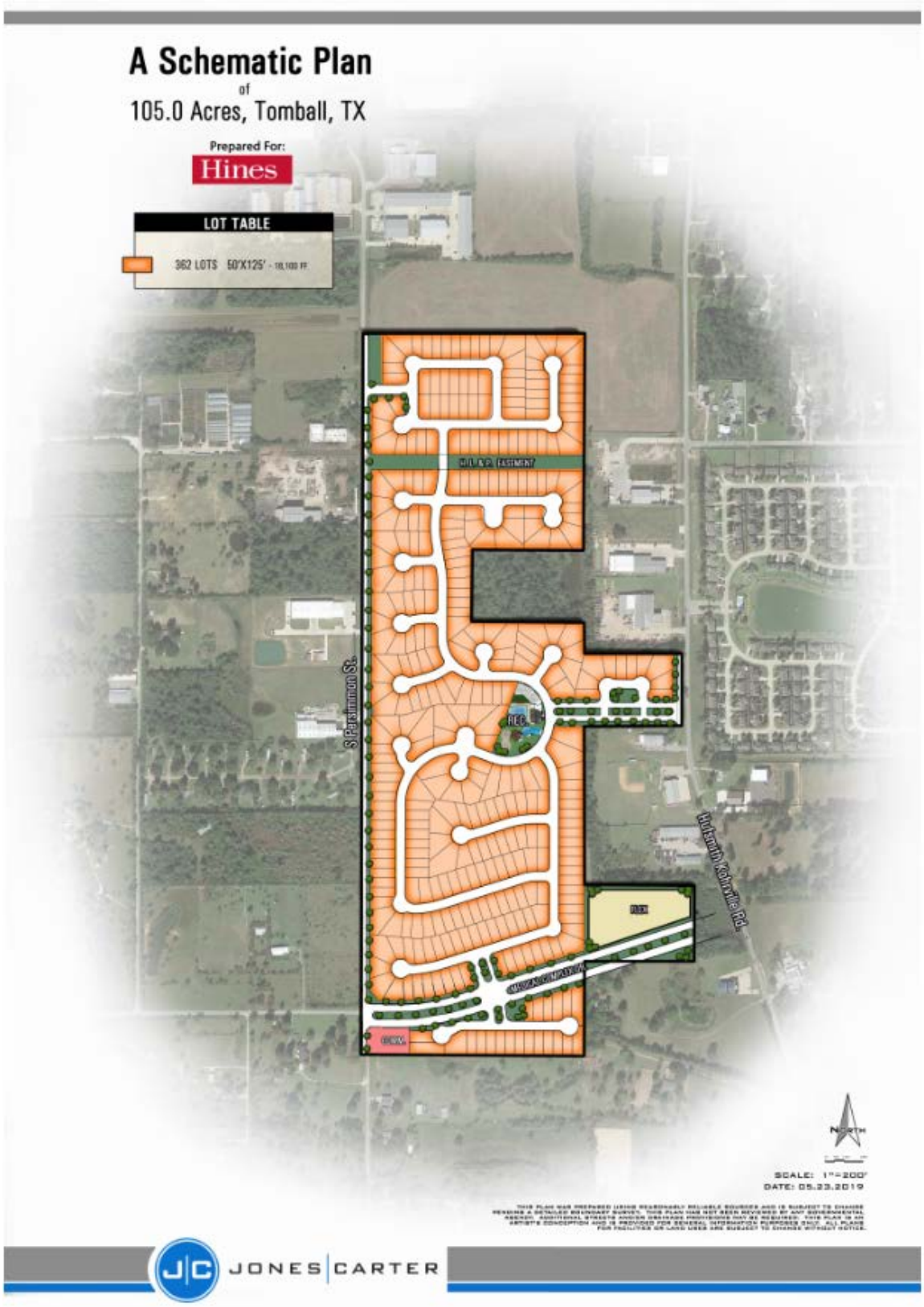
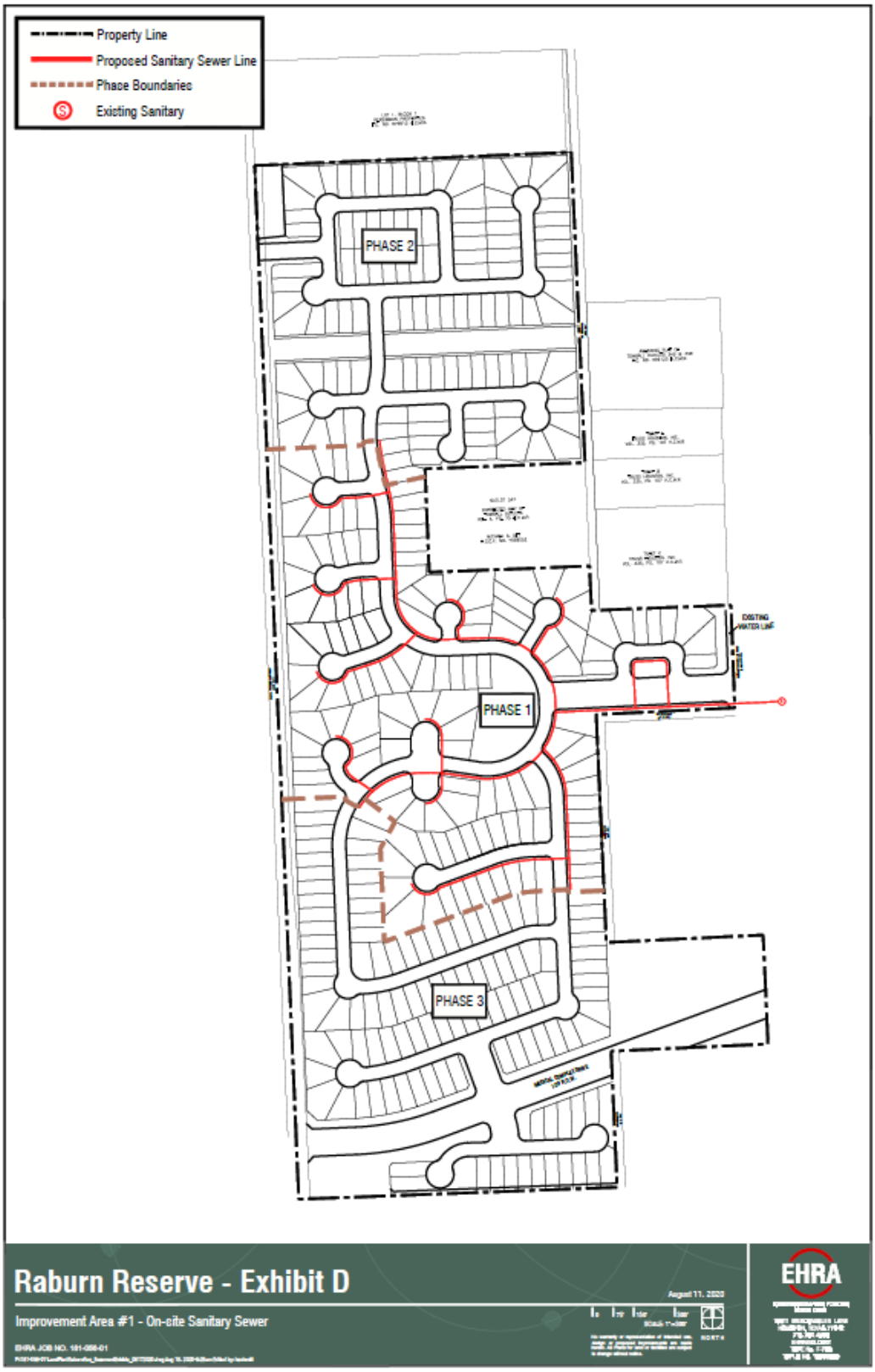
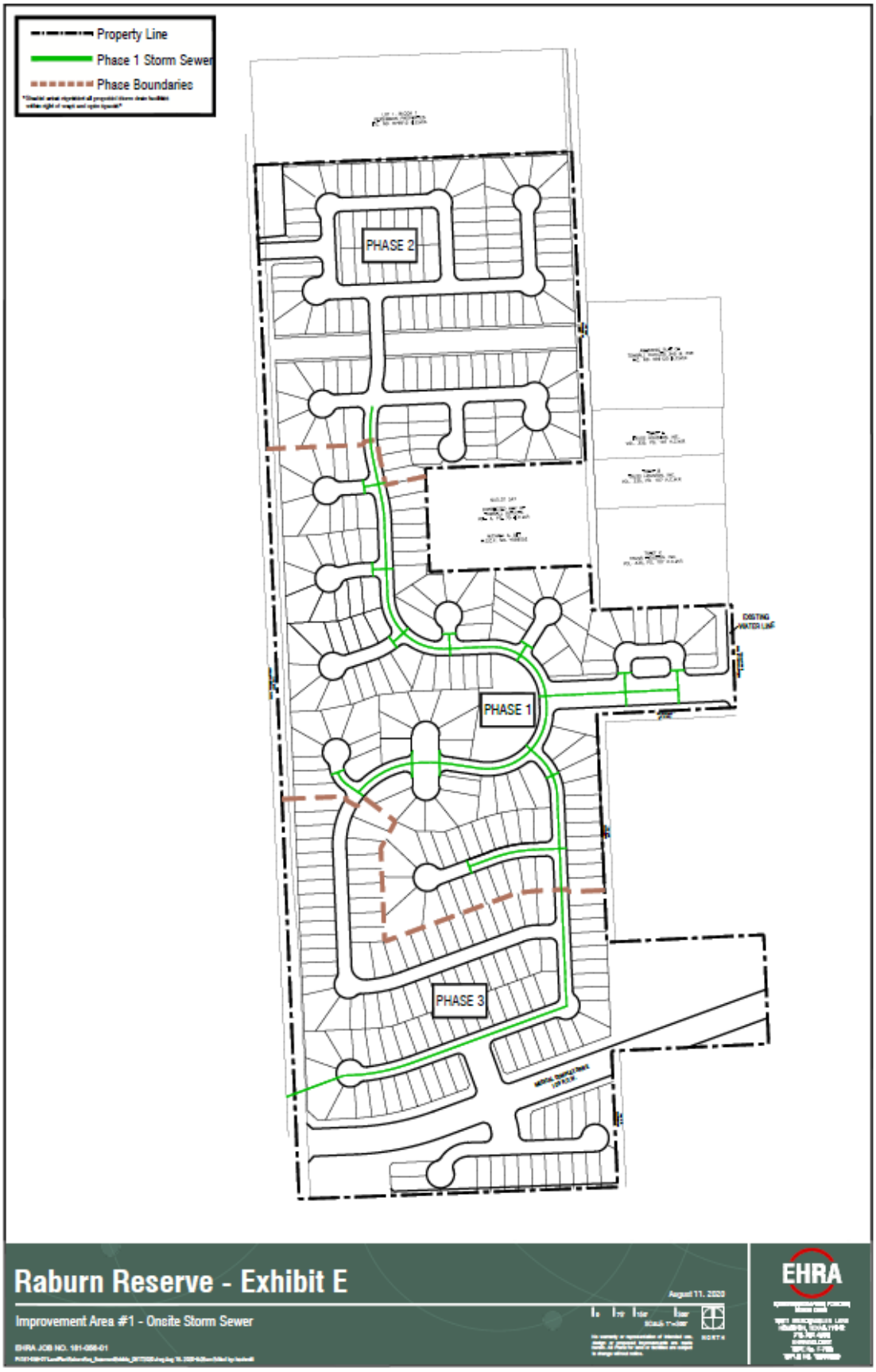
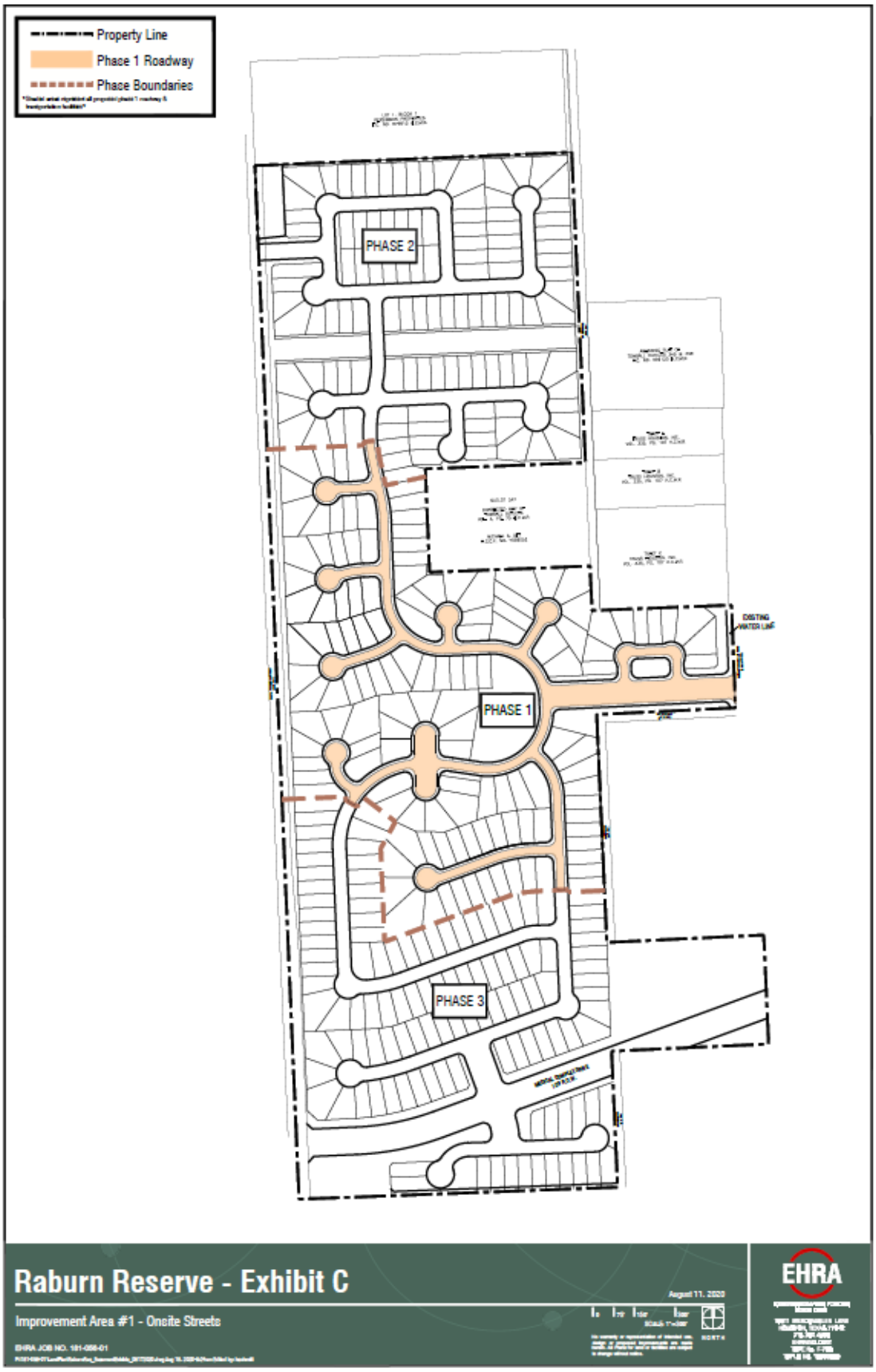
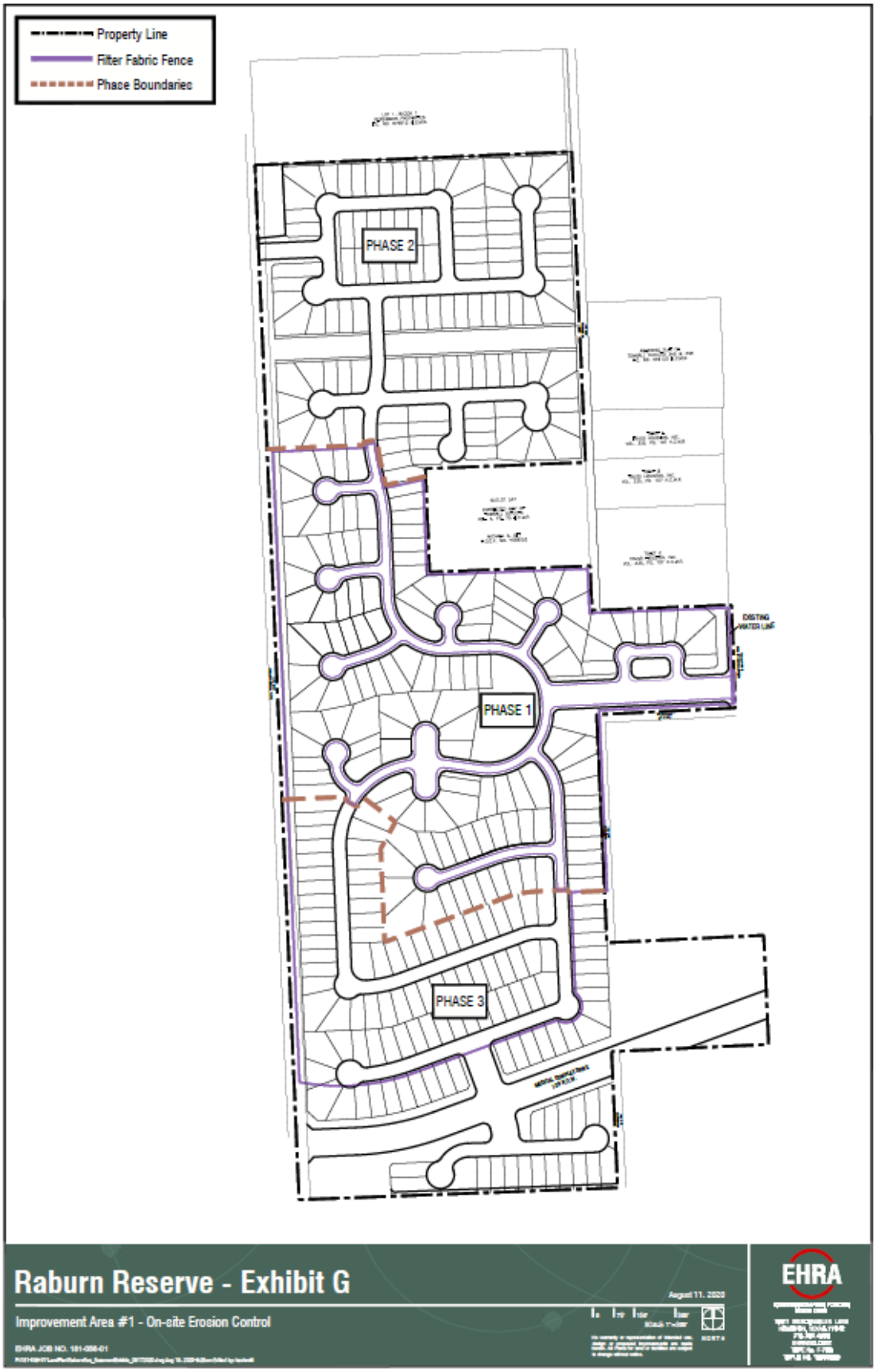


EXHIBIT J– IMPROVEMENT AREA #1 IMPROVEMENTS MAPS




Property Line
Phase 1 Storm Sewer
Phase Boundaries
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit E
Improvement Area #1 - Onsite Storm Sewer
August 11, 2020
EHRA


Property Line
Phase 1 Roadway
Phase Boundaries
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit C
Improvement Area #1 - Onsite Streets
August 11, 2020
EHRA


Property Line
Filter Fabric Fence
Phase Boundaries
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit G
Improvement Area #1 - On-site Erosion Control
August 11, 2020
EHRA JOB NO. 101-056-01
EHRA

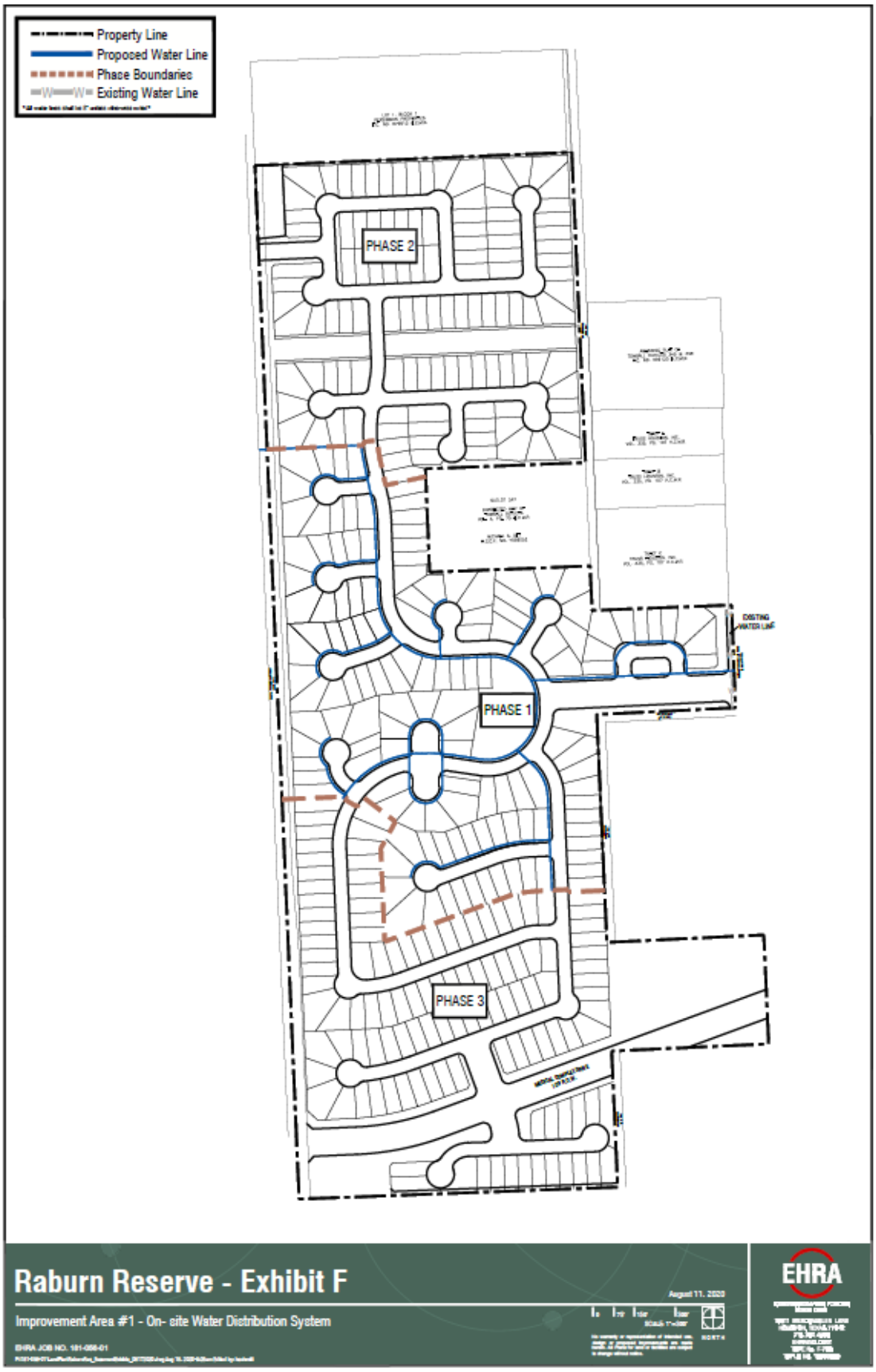

Property Line
Proposed Water Line
Phase Boundaries
Existing Water Line
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit F
Improvement Area #1 - On- site Water Distribution System
August 11, 2020
EHRA

EXHIBIT K – NOTICE OF PID ASSESSMENT TERMINATION

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

[Date]
Harris County Civil Courthouse
Honorable [County Clerk Name]
201 Caroline, Suite 310
Houston, Texas 77002

Re: City of Tomball Lien Release documents for filing

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

Enclosed is a lien release that the City of Tomball 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 Tomball
Attn: [City Secretary]
401 Market Street
Tomball, Texas 77375

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]
City of Tomball
401 Market Street
Tomball, Texas 77375

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 ____	**§**	

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

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Tomball, 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 October 7, 2019 the City Council for the City, approved Resolution No. 2019-41, creating the Raburn Reserve Public Improvement District; and

WHEREAS, on or about November 4, 2019 the City Council for the City, approved Resolution No. 2019-45, amending and restating Resolution No. 2019-41 by incorporating an increased area of the Raburn Reserve Public Improvement District; and

WHEREAS, the Raburn Reserve Public Improvement District consists of approximately 105 contiguous acres located within the City; and

WHEREAS, on or about _____, 2020, the City Council, approved Ordinance No. ____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Raburn Reserve 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 Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris 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, as established by Ordinance No. _____, which levied the Assessment 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 TOMBALL, TEXAS,

By: _____
[Name], [Title]

ATTEST:

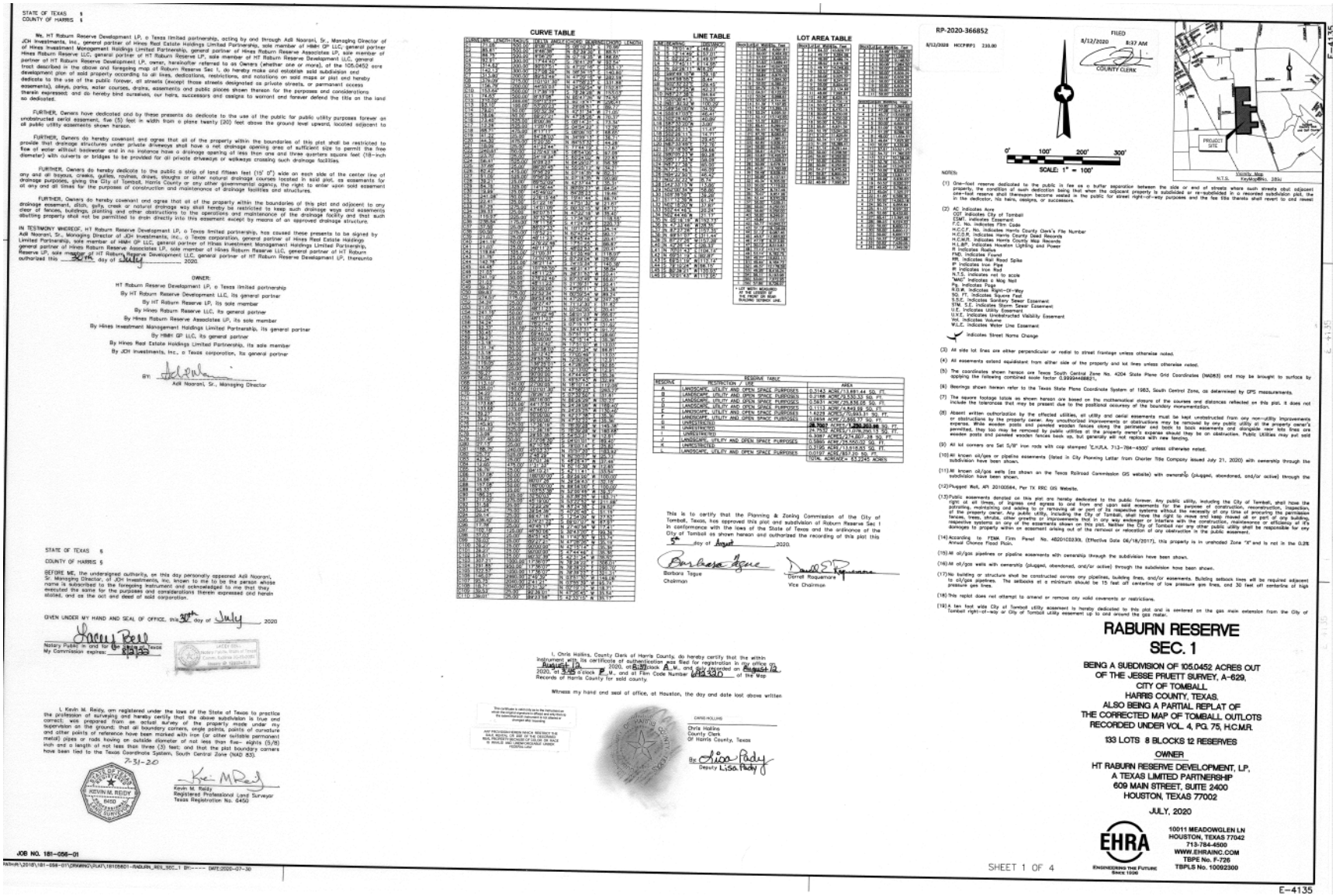
_____
[Secretary Name], City Secretary

STATE OF TEXAS **§**
§
COUNTY OF _____ **§**

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

_____
Notary Public, State of Texas

EXHIBIT L – IMPROVEMENT AREA #1 PLAT



RABURN RESERVE

SEC. 1

BEING A SUBDIVISION OF 105.0452 ACRES OUT OF THE JESSE PRUETT SURVEY, A-629, CITY OF TOMBALL, HARRIS COUNTY, TEXAS, ALSO BEING A PARTIAL REPLAT OF THE CORRECTED MAP OF TOMBALL OUTLOTS RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.

133 LOTS 8 BLOCKS 12 RESERVES

OWNER

HT RABURN RESERVE DEVELOPMENT, LP,
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002

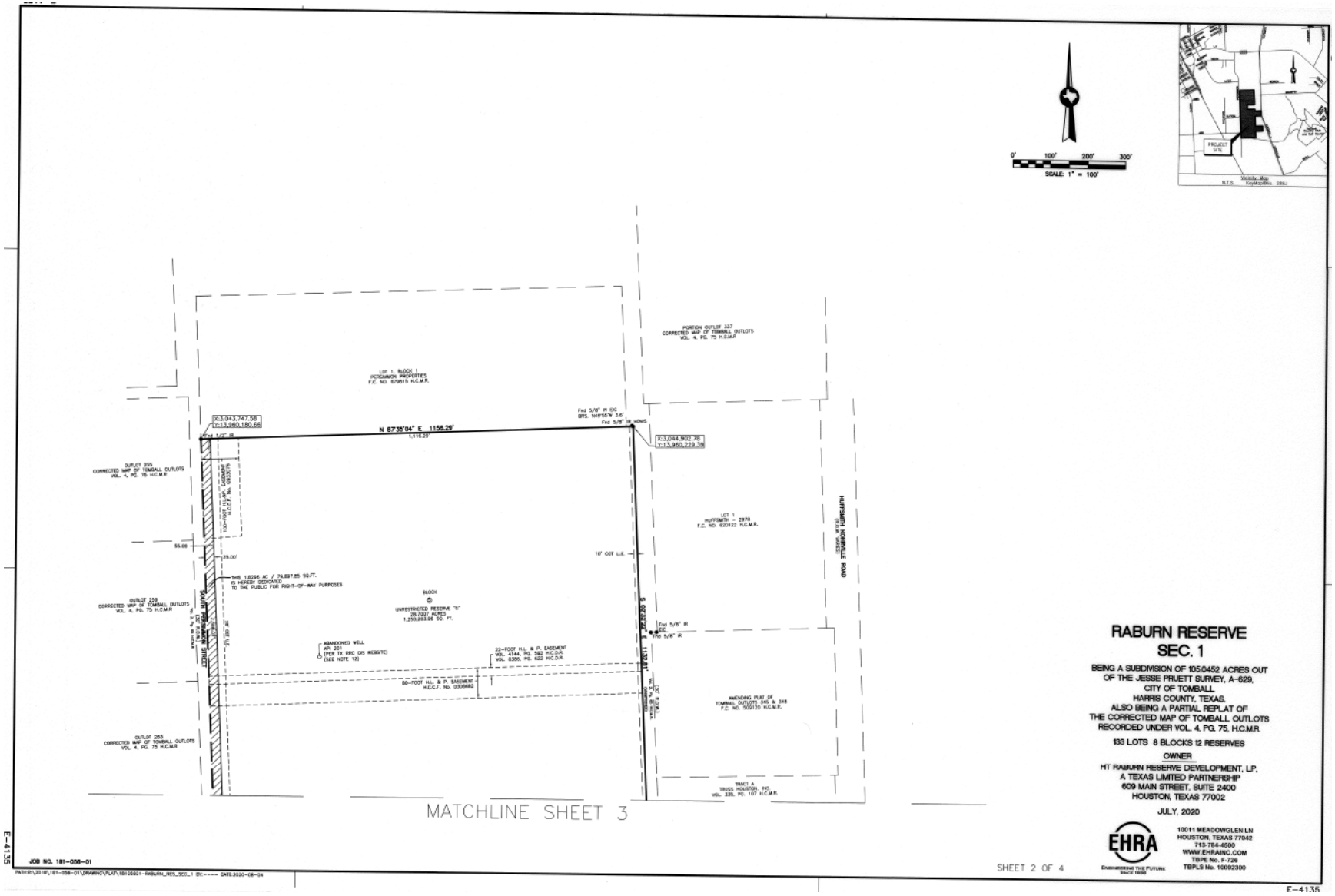
JULY, 2020

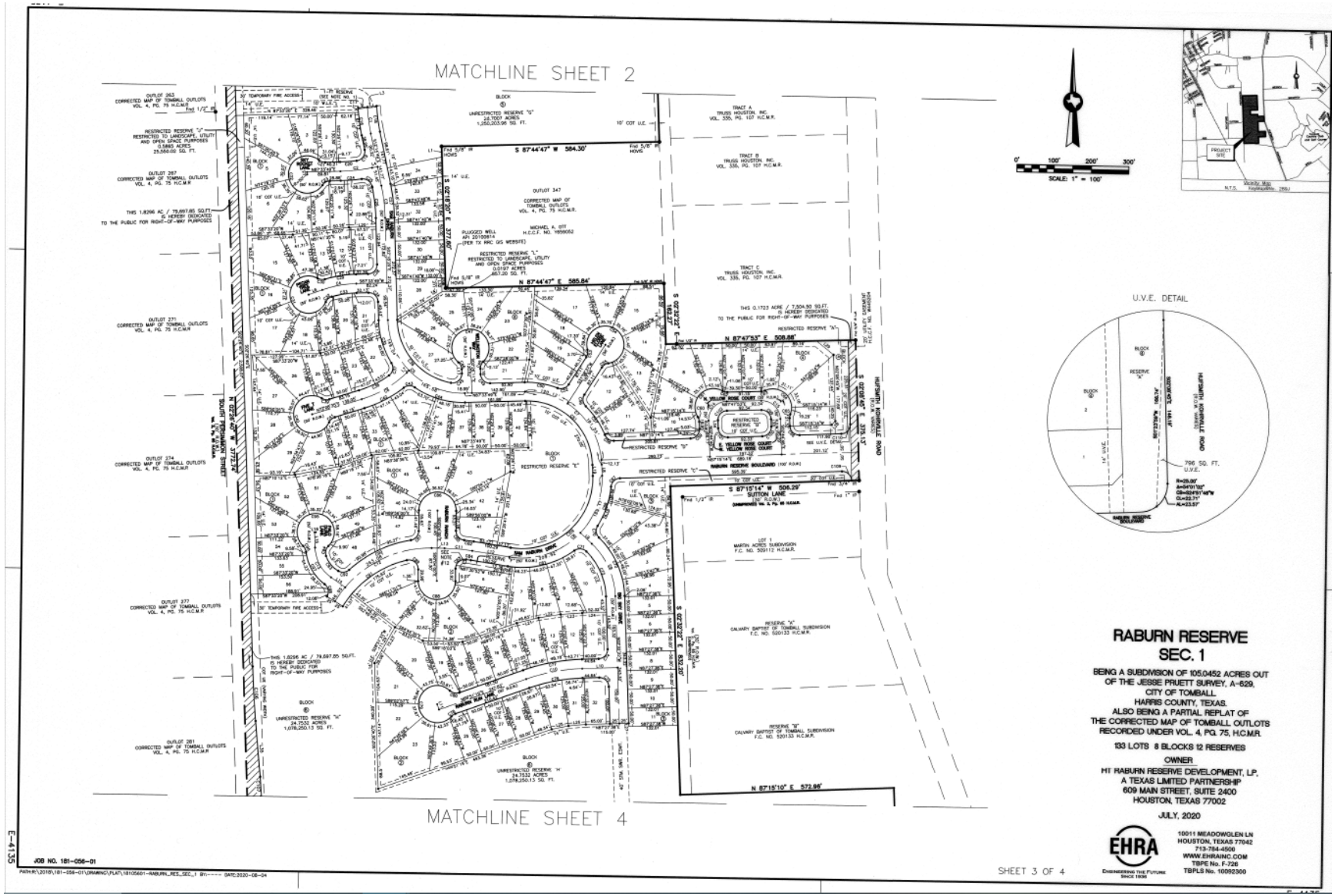
EHRA
ENGINEERING THE FUTURE SINCE 1936

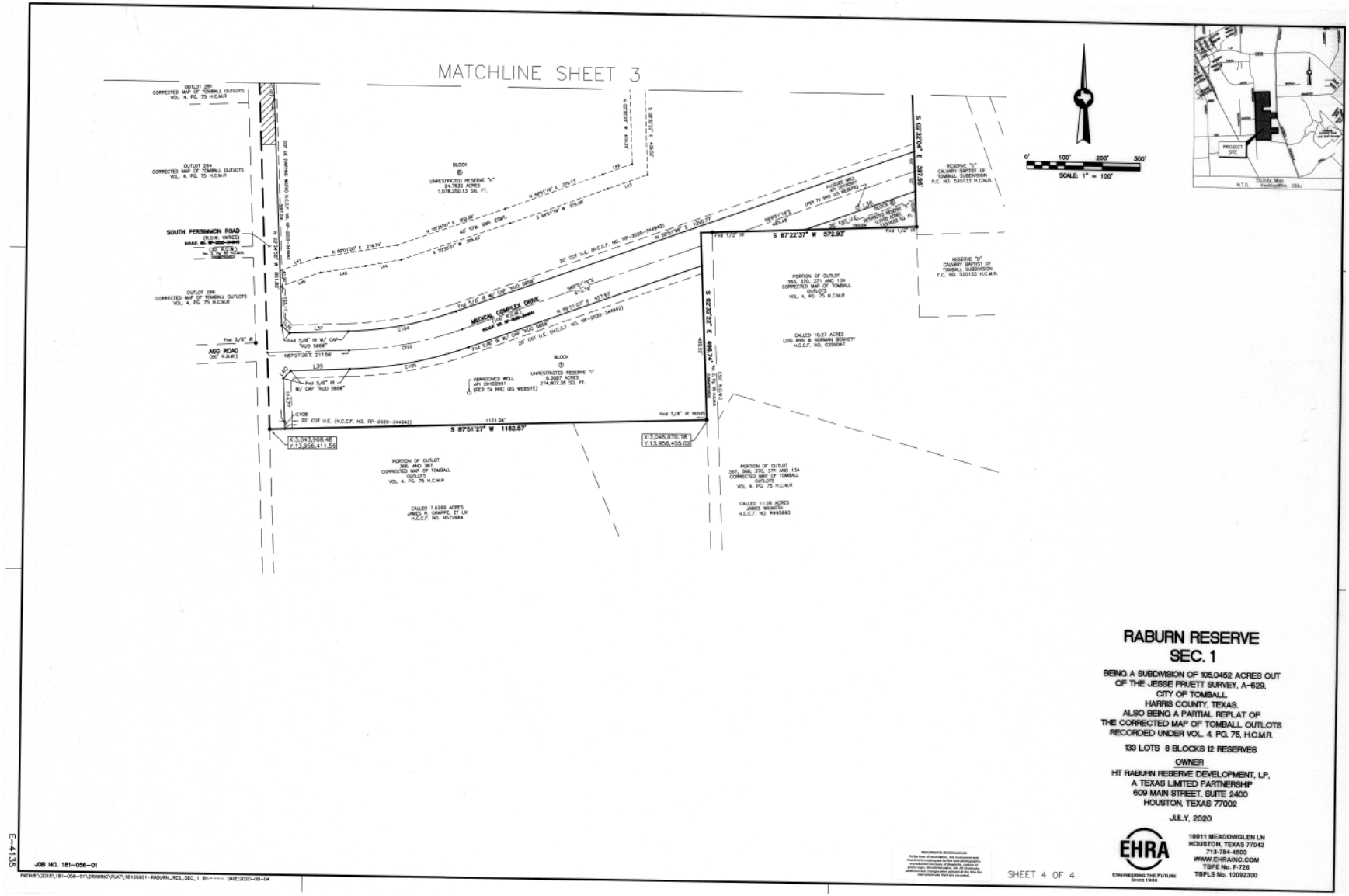
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300

SHEET 1 OF 4

E-4135


SCALE: 1" = 100'
PROJECT SITE
MATCHLINE SHEET 3
RABURN RESERVE
SEC. 1
BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629,
CITY OF TOMBALL
HARRIS COUNTY, TEXAS.
ALSO BEING A PARTIAL REPLAT OF
THE CORRECTED MAP OF TOMBALL OUTLOTS
RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.
133 LOTS 8 BLOCKS 12 RESERVES
OWNER
HT RABURN RESERVE DEVELOPMENT, L.P.
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002
JULY, 2020
EHRA
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300
JOB NO. 181-056-01
SHEET 2 OF 4


MATCHLINE SHEET 2
MATCHLINE SHEET 4
U.V.E. DETAIL
RABURN RESERVE
SEC. 1
BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629,
CITY OF TOMBALL,
HARRIS COUNTY, TEXAS.
ALSO BEING A PARTIAL REPLAT OF
THE CORRECTED MAP OF TOMBALL OUTLOTS
RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.
133 LOTS 8 BLOCKS 12 RESERVES
OWNER
HT RABURN RESERVE DEVELOPMENT, LP,
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002
JULY, 2020
EHRA
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300
JOB NO. 181-056-01
SHEET 3 OF 4
E-4135


MATCHLINE SHEET 3
SOUTH PERSIMMON ROAD
AGG ROAD
MEDICAL COMPLEX DRIVE
S 87°22'37" W 572.93'
S 87°51'27" W 1162.57'
0' 100' 200' 300'
SCALE: 1" = 100'
RABURN RESERVE
SEC. 1
BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629,
CITY OF TOMBALL,
HARRIS COUNTY, TEXAS.
ALSO BEING A PARTIAL REPLAT OF
THE CORRECTED MAP OF TOMBALL OUTLOTS
RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.
133 LOTS 8 BLOCKS 12 RESERVES
OWNER
HT RABURN RESERVE DEVELOPMENT, LP,
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002
JULY, 2020
EHRA
ENGINEERING THE FUTURE SINCE 1936
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300
SHEET 4 OF 4
JOB NO. 181-056-01

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Approve Resolution 2020-28, A Resolution Of The City Council Of The City Of Tomball, Texas Approving The Distribution Of A Preliminary Limited Offering Memorandum For Its Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)

Background:

Resolution No. 2020-28 authorizes the City's Financial Advisor (Hilltop Securities), Bond Council (Bracewell) and City Staff to prepare the sale and issuance of bonds to be issued for the reimbursement of public improvements in the Raburn Reserve Public Improvement District (TPID 10).

Origination:

HT Raburn Reserve Development L.P.

Recommendation:

Approval

Party(ies) responsible for placing this item on agenda:

Craig T. Meyers, Community Development Director

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Resolution No. 2020-28

RESOLUTION NO. 2020-28

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS APPROVING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR ITS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020 (RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

* * * * * * * * * *

WHEREAS, the City of Tomball, Texas (the "City") is authorized by law to issue its Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)(the "Bonds") as set forth below; and

WHEREAS, the City Council of the City has found and determined that it is in the best interests of the City to authorize preliminary action relating to the issuance of such obligations; 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 TOMBALL, TEXAS:

Section 1. THAT the City's Financial Advisor, Hilltop Securities, Inc., Bond Counsel, Bracewell LLP, and appropriate staff of the City are hereby authorized and directed to take such action as is necessary to prepare for the sale and issuance of the Bonds to be issued for the purpose of reimbursing or constructing certain public improvements within the Raburn Reserve Public Improvement District, including paying the costs of issuing the bonds and funding certain reserve funds.

Section 2. THAT the form of the Preliminary Limited Offering Document with respect to such Bonds in substantially the form and substance presented at this meeting, is hereby approved, with such changes as may be approved by the City Manager, the City's Financial Advisor and Bond Counsel prior to the distribution of such document to the bond market.

Section 3. THAT this resolution shall take effect from and after its final date of passage, and it is accordingly so ordered.

PASSED AND APPROVED BY THE CITY COUNCIL OF TOMBALL, TEXAS, this 8th day of September, 2020.

_____

Mayor, City of Tomball, Texas

ATTEST:

_____

City Secretary, City of Tomball, Texas

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

NEW ISSUE **NOT RATED**

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED [PLOM DATE], 2020

THE BONDS ARE INITIALLY OFFERED ONLY TO PERSONS WHO MEET THE DEFINITION OF "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933) OR "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933). SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

$2,490,000*
CITY OF TOMBALL, TEXAS,
(a municipal corporation of the State of Texas located in Harris County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(Raburn Reserve Public Improvement District Improvement Area #1)

Dated Date: [DATED DATE], 2020
Interest Accrual Date: Closing Date (defined below) **Due: September 1, as shown on the inside cover**

The City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1) (the "Bonds"), are being issued by the City of Tomball, Texas (the "City"). The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of $[100,000] and in integral multiples of $5,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 15 and September 15, commencing March 15, 2021, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), to DTC as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") on September 21, 2020, a Master Indenture of Trust dated as of September 1, 2020 (the "Master Indenture"), and the First Supplemental Indenture dated September 1, 2020 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture"), entered into by and between the City and the Trustee. The Bonds are the initial series of Improvement Area #1 Bonds (defined herein) issued under the Master Indenture. When issued the Additional Improvement Area #1 Bonds will be on parity with the Bonds. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to: (1) pay a portion of the costs of the Improvement Area #1 Improvements (defined herein), (2) fund the Reserve Account, (3) fund a portion of the Delinquency and Prepayment Reserve Account and (4) pay the District Formation and Bond Issuance Costs (defined below). "District Formation and Bond Issuance Costs" means the costs and expenses directly associated with forming the District, administering the District for the first year after the Bonds are issued, and issuing the Bonds, including but not limited to, issuer fees, 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 the Bonds, including debt service reserve fund, capitalized interest and underwriter's discount, See "THE IMPROVEMENTS" and "APPENDIX B – Form of Indenture." The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments (as defined herein) levied against assessable properties in Improvement Area #1 (defined herein) of the District (the "Improvement Area #1 Assessed Property" or "Improvement Area #1 Assessed Properties") in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS." The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption "DESCRIPTION OF THE BONDS — Redemption Provisions."

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

THE IMPROVEMENT AREA #1 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND ACCOUNTS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #1 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE IMPROVEMENT AREA #1 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #1 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #1 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS."

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX C — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, for the City by its counsel, Olson & Olson LLP, and for the Developer by Coats Rose, P.C., counsel to the Developer. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about October 6, 2020 (the "Closing Date").

* Preliminary, subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS, AND CUSIP NUMBERS[*]

CUSIP Prefix: 889852[(a)]

$2,490,000[*]
CITY OF TOMBALL, TEXAS,
(a municipal corporation of the State of Texas located in Harris County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

$_____ _____% Term Bonds, Due _____, 20__, Priced to Yield _____%; CUSIP No.___ [(a)(b)(c)(d)]

$_____ _____% Term Bonds, Due _____, 20__, Priced to Yield _____%; CUSIP No.___ [(a)(b)(c)(d)]

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

(c) The Bonds are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after _____, 20__, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

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

[*] Preliminary, subject to change.

CITY OF TOMBALL, TEXAS
CITY COUNCIL

Name	Position	Term Expires (May)
Gretchen Fagan	Mayor	2022
John F. Ford	Council Position 1	2023
Mark Stoll	Council Position 2/ Mayor Pro Tem	2021
Chad Degges	Council Position 3	2022
Derek Townsend Sr	Council Position 4	2021
Lori Klein Quinn	Council Position 5	2023

CITY MANAGER	ASSISTANT CITY MANAGER	DIRECTOR OF FINANCE	CITY SECRETARY
Robert Hauck	David Esquivel	Glenn Windsor	Doris Speer

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Bracewell LLP

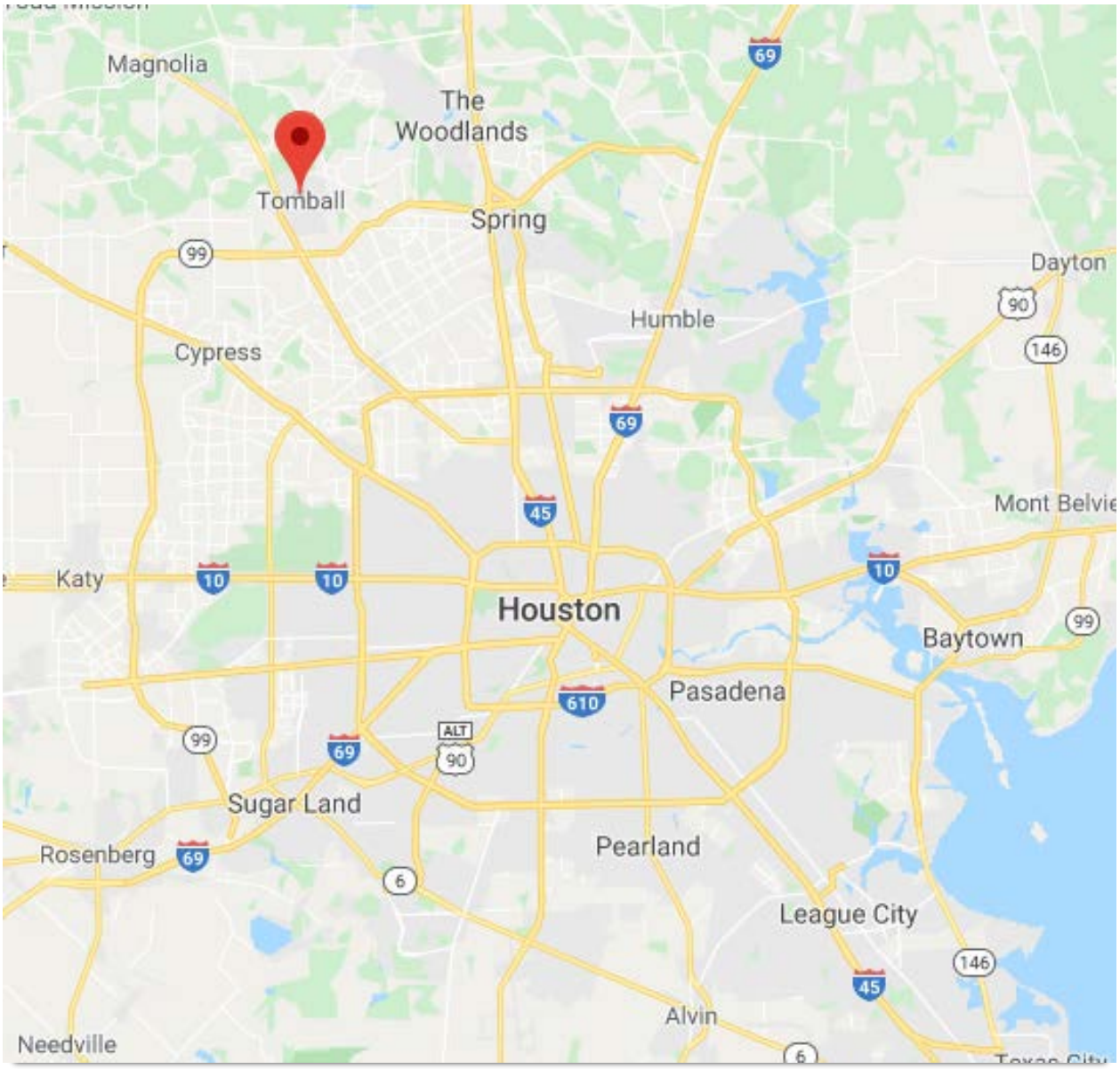
UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

Glenn Windsor
Director of Finance
City of Tomball
501 James Street
Tomball, Texas 77375
(281) 351-5484
gwindsor@tomballtx.gov

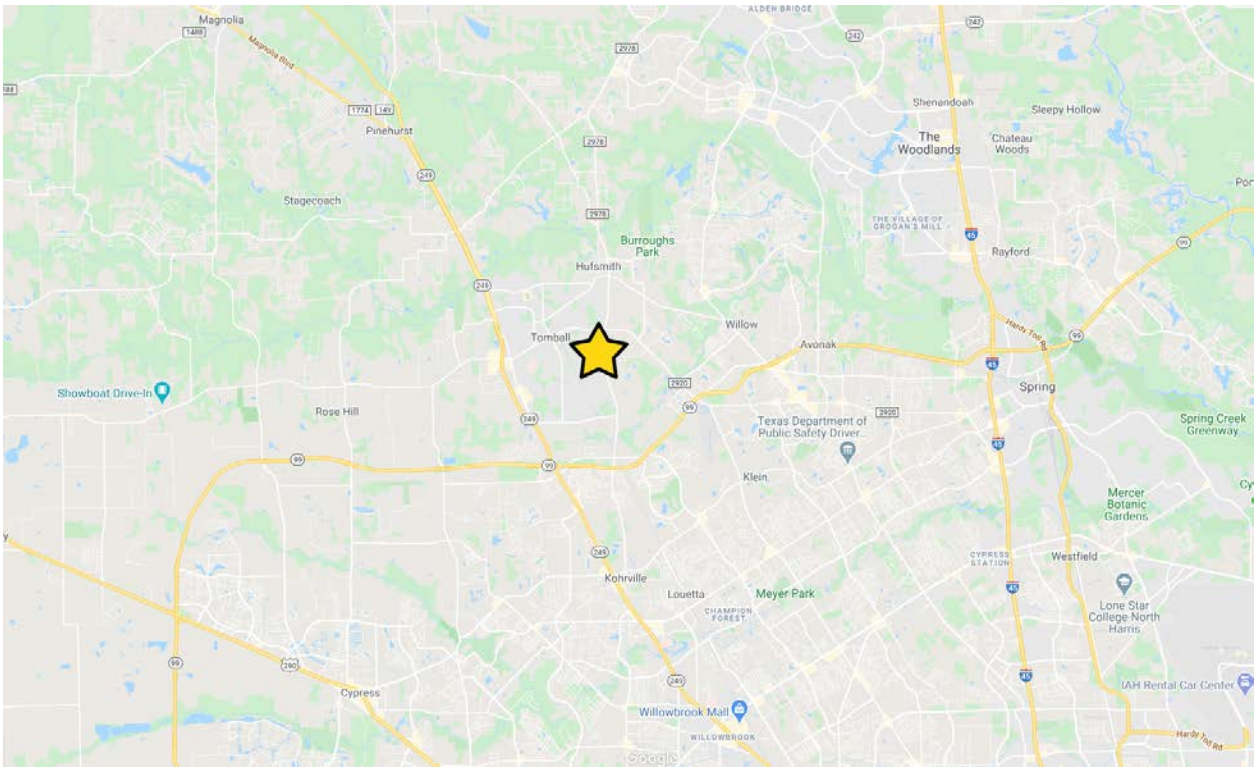
Joe Morrow
Managing Director
Hilltop Securities Inc.
700 Milam, Suite 500
Houston, TX 77002
(713) 654-8690
joe.morrow@hilltopsecurities.com

REGIONAL LOCATION MAP OF THE DISTRICT

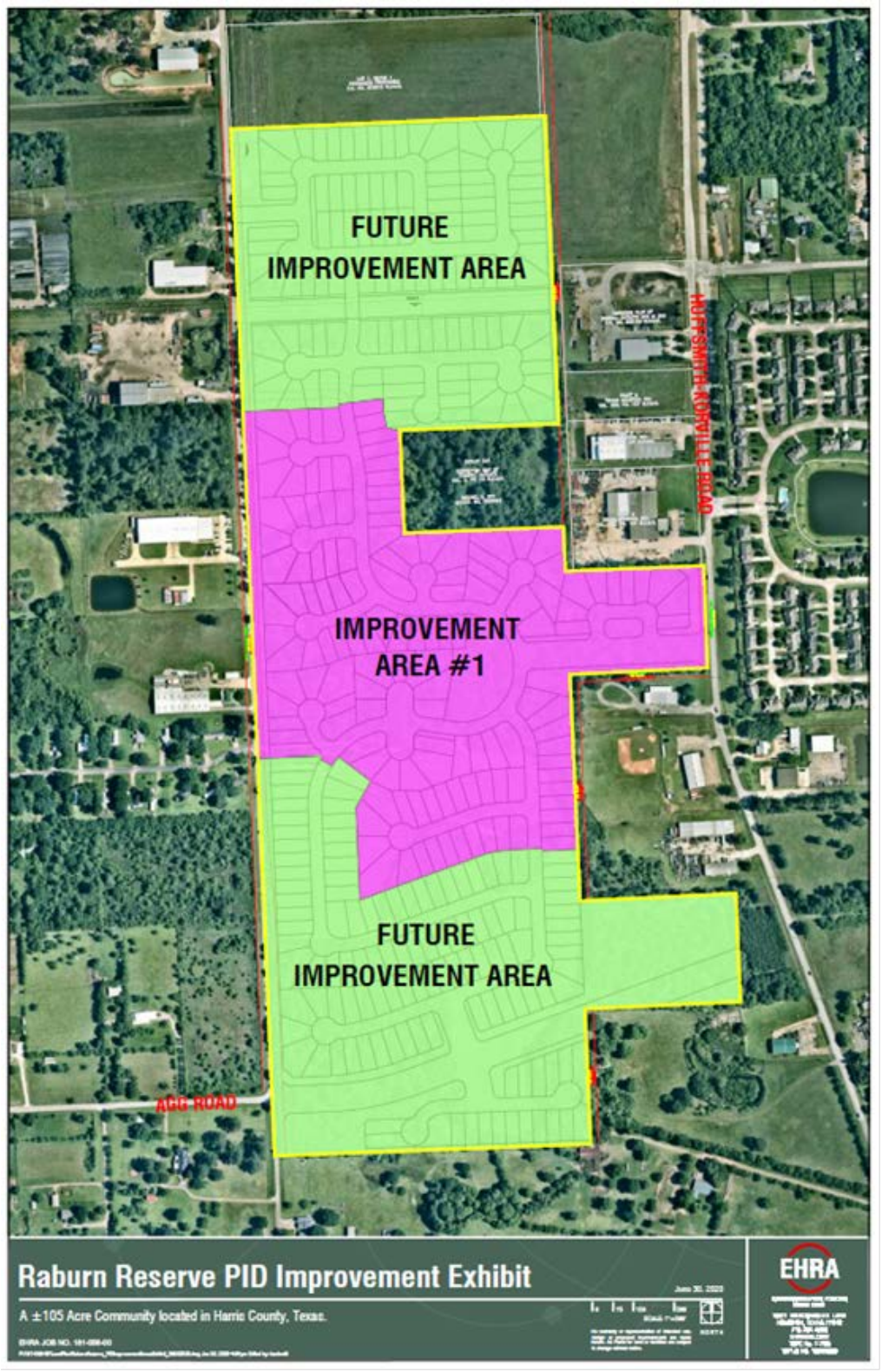


AREA LOCATION MAPS OF THE DISTRICT





MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND THE FUTURE IMPROVEMENT AREAS OF THE DISTRICT



USE OF LIMITED OFFERING MEMORANDUM

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

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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995,

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

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

TABLE OF CONTENTS

INTRODUCTION 1

PLAN OF FINANCE 2
- Development Plan 2
- Status of Builder Contract 3
- The Bonds 3

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS 4

DESCRIPTION OF THE BONDS 5
- General Description 5
- Redemption Provisions 5

BOOK-ENTRY ONLY SYSTEM 7

SECURITY FOR THE IMPROVEMENT AREA #1 BONDS 9
- General 9
- Pledged Revenues 10
- Collection and Deposit of Assessments 11
- Unconditional Levy of Assessments 12
- Perfected Security Interest 13
- Pledged Revenue Fund 13
- Bond Fund 14
- Project Fund 15
- Redemption Fund 16
- Bond Reserve Account 16
- Delinquency and Prepayment Reserve Account 17
- Administrative Fund 18
- Improvement Area #1 Reimbursement Fund 18
- Defeasance 18
- Events of Default 19
- Immediate Remedies for Default 20
- Restriction on Owner's Actions 20
- Application of Revenues and Other Moneys After Event of Default 21
- Investment of Funds 22
- Against Encumbrances 22
- Conditions Precedent to Issuance of Improvement Area #1 Bonds 23
- Additional Obligations; Other Obligations or Other Liens 23

SOURCES AND USES OF FUNDS* 24

DEBT SERVICE REQUIREMENTS 25

OVERLAPPING TAXES AND DEBT 26

ASSESSMENT PROCEDURES 27
- General 27
- Assessment Methodology 28
- Collection and Enforcement of Assessment Amounts 31
- Assessment Amounts 33
- Prepayment of Assessments 33
- Priority of Lien 34
- Foreclosure Proceedings 34

THE CITY 35
- Location and Size 35
- Population 35
- City Government 35
- Transportation and Utilities 35
- Education and Health Care 36
- City Regulation of Oil and Gas Wells 36

THE DISTRICT 36
- General 36
- Powers and Authority of the City 36

THE IMPROVEMENTS 37
- General 37
- The Improvement Area #1 Improvements 37
- Ownership and Maintenance of Improvements 40
- The Development Agreement 40
- The Reimbursement Agreement 41

THE DEVELOPMENT 42
- Overview 42
- Status of Lot Purchase and Sale Agreements 43
- Future Improvement Areas and Future Improvement Area Bonds 43
- Zoning/Permitting 44
- Amenities 44
- Schools 44
- Environmental 44
- Utilities 45
- Existing Mineral and Groundwater Rights 45

THE DEVELOPER 45
- General 45
- Description of the Developer 45
- History and Financing of the District 46

THE PID ADMINISTRATOR 47

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT 48
- The Appraisal 48

BONDHOLDERS' RISKS 49
- General 49
- Infectious Disease Outbreak 50
- Failure or Inability to Complete Proposed Development 51
- Completion of the Improvement Area #1 Improvements 51
- Absorption Rate 52

Assessment Limitations 52
Risks Related to the Current Real Estate Market 53
Competition 53
Loss of Tax Exemption 54
Bankruptcy 54
PACE Lien Priority 54
Direct and Overlapping Indebtedness, Assessments and Taxes 54
Depletion of Reserve Fund 54
Hazardous Substances 55
Potential Future Changes in State Law Regarding Public Improvement Districts 55
Regulation 55
Future and Proposed Legislation 56
100-Year Flood Plain and Severe Weather Events 56
Exercise of Mineral Rights 56
Bondholders' Remedies and Bankruptcy 56
Judicial Foreclosures 57
No Acceleration 58
Bankruptcy Limitation to Bondholders' Rights 58
Management and Ownership 58
General Risks of Real Estate Investment and Development 58
Availability of Utilities 59
Dependence Upon Developer 59
Defaults of Affiliates of Hines 59
Chapter 11 Bankruptcy of a Hines-Affiliated General Contractor 59
Agricultural Use Valuation and Redemption Rights 60

TAX MATTERS 60
Tax Exemption 60
Collateral Tax Consequences 61
Tax Accounting Treatment of Original Issue Premium 61
Tax Accounting Treatment of Original Issue Discount 62
Tax Legislative Changes 63

LEGAL MATTERS 63
Legal Proceedings 63
Legal Opinions 63
Litigation — The City 64
Litigation — The Developer 64

SUITABILITY FOR INVESTMENT 64

ENFORCEABILITY OF REMEDIES 64

NO RATING 64

CONTINUING DISCLOSURE 65
The City 65
The City's Compliance with Prior Undertakings 65
The Developer 65
The Developer's Compliance with Prior Undertakings 66

UNDERWRITING 66

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE 66

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 66

INVESTMENTS 67
Legal Investments 67
Investment Policies 68
Additional Provisions 69

INFORMATION RELATING TO THE TRUSTEE 69

SOURCES OF INFORMATION 69
General 69
Source of Certain Information 70
Experts 70
Updating of Limited Offering Memorandum 70

FORWARD-LOOKING STATEMENTS 70

AUTHORIZATION AND APPROVAL 71

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

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

PRELIMINARY LIMITED OFFERING MEMORANDUM

$2,490,000[*]
CITY OF TOMBALL, TEXAS,
(a municipal corporation of the State of Texas located in Harris County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Tomball, Texas (the "City"), of its $2,490,000[*] aggregate principal amount of Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1) (the "Bonds").

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), "), an ordinance expected to be adopted by the City Council of the City (the "City Council") on September 21, 2020 (the "Bond Ordinance"), and a Master Indenture of Trust dated as of September 1, 2020 (the "Master Indenture"), and the First Supplemental Indenture dated September 1, 2020 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture"), entered into by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Payment of the Bonds and any additional bonds issued by the City pursuant to the Master Indenture and on parity therewith (the "Additional Improvement Area #1 Bonds"), are secured by a pledge of and a lien upon the Trust Estate (as defined Indenture), consisting primarily of revenue from special assessments ("Improvement Area #1 Assessments") levied pursuant to a separate ordinance expected to be enacted by the City Council on September 21, 2020 (the "Assessment Ordinance") against assessable property (the "Improvement Area #1 Assessed Property" or "Improvement Area #1 Assessed Properties") located within Improvement Area #1 (defined below) of the Raburn Reserve Public Improvement District (the "District"), all to the extent and upon the conditions described herein and in the Indenture. The Bonds and any Additional Improvement Area #1 Bonds are together referred to herein as the "Improvement Area #1 Bonds". See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS" and "ASSESSMENT PROCEDURES."

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Development Agreement (as defined herein), the Reimbursement Agreement (as defined herein), HT Raburn Reserve Development L.P., a Texas limited partnership (together with its successors and assigns, the "Developer"), and P3Works, LLC (the "Administrator"), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number 214-418-1588. The form of the Indenture appears in APPENDIX B and the form of the Service and Assessment Plan appears in APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

[*] Preliminary, subject to change.

PLAN OF FINANCE

Development Plan

On December 4, 2019, HT Raburn Reserve Development L.P., a Texas limited partnership (the "Developer"), acquired approximately 105 acres comprising the District. See "THE DEVELOPER — History and Financing of the District." The Developer is an affiliate of Hines Interests Limited Partnership, a Delaware limited partnership (together with its subsidiaries and affiliates, "Hines"), a Houston, Texas-based privately owned global real estate investment firm founded in 1957 by Gerald D. Hines. See "THE DEVELOPER."

The Developer's plans for the District consist of developing the first phase of development ("Improvement Area #1") and the internal phase specific public improvements to serve Improvement Area #1 (the "Improvement Area #1 Improvements"). Following development of Improvement Area #1, the Developer currently intends to, over an approximately five (5) year period, undertake two (2) subsequent phases of development of internal phase specific public improvements necessary to serve the future phases of development in the District (the "Future Improvement Areas"). The improvements will consist of improvements authorized under the PID Act, including those improvements listed in the Service and Assessment Plan (the "Authorized Improvements"). See "THE DEVELOPMENT — Overview." The boundaries of the District, Improvement Area #1 and the Future Improvement Area are shown in "MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND THE FUTURE IMPROVEMENT AREA OF THE DISTRICT" on page iv.

The proceeds of the Bonds will be used to (1) pay a portion of the costs of the Improvement Area #1 Improvements (the "Improvement Area# 1 Costs", (2) fund a portion of the Delinquency and Prepayment Reserve Account, (3) fund a portion of the Reserve Account, and (4) pay the District Formation and Bond Issuance Costs (defined below). See "THE IMPROVEMENTS" and "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS." "District Formation and Bond Issuance Costs" means the costs and expenses directly associated with forming the District, administering the District for the first year after the Bonds are issued, and issuing the Bonds, including but not limited to, issuer fees, 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 the Bonds, including debt service reserve fund, capitalized interest and underwriter's discount.

In addition, the City intends to enter into a reimbursement agreement with the Developer (the "Reimbursement Agreement") to finance a portion of the costs of the Improvement Area #1 Improvements in an amount not to exceed $1,690,000 [*] (the "Improvement Area #1 Reimbursement Obligation") not paid with proceeds of the Bonds. The remaining cost of the Improvement Area #1 Improvements is forecasted to be approximately $1,771,204[*] and will be funded by a Developer contribution. Prior to closing Developer will make a deposit with the Trustee in the amount of $[1,771,204][*] representing the difference between the costs of the Improvement Area #1 Improvements that have not been completed and the amount of bond proceeds in the Improvement Account of the Project Fund (both as defined herein). To the extent that the proceeds of the Bonds on deposit in the Project Fund are not sufficient to pay the Improvement Area #1 Costs, taking into consideration funds previously expended by the Developer to construct the Improvement Area #1 Improvements prior to closing, the Developer will deposit funds in an amount sufficient to pay for the Improvement Area #1 Costs not covered by the Bonds and the Improvement Area #1 Reimbursement Obligation. The Bonds and the Improvement Area #1 Reimbursement Obligation will be secured by the Improvement Area #1 Assessments; however, the payment of debt service on the Bonds will be superior in right to payment of the Improvement Area #1 Reimbursement Obligation. The City, upon the satisfaction of certain financial covenants, intends to issue approximately $1,690,000[*] in principal amount of Additional Improvement Area #1 Bonds pursuant to the Master Indenture and a supplemental indenture to finance the Improvement Area #1 Reimbursement Obligation (the "Additional Improvement Area #1 Bonds"), as such obligation may be reduced by annual payments of Improvement Area #1 Assessment revenues to the Developer for

[*] Preliminary, subject to change.

the reimbursement of Improvement Area #1 Improvement costs. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Conditions Precedent to Issuance of Improvement Area #1 Bonds." When issued, the Additional Improvement Area #1 Bonds will be on parity with the Bonds and any bonds issued to refund the Bonds or Additional Improvement Area #1 Bonds (the "Refunding Bonds"). Pursuant to the Service and Assessment Plan, the Reimbursement Agreement, and the Development Agreement, the Developer will be responsible for any costs of the Improvement Area #1 Improvements in excess of the amounts funded by the Bonds, any Additional Improvement Area #1 Bonds (if issued), and the Reimbursement Agreement. See "THE IMPROVEMENTS – The Development Agreement" and "—The Reimbursement Agreement," "APPENDIX G – Development Agreement." and "APPENDIX H – Form of Reimbursement Agreement."

The City expects to issue one or more series of bonds (each such series of bonds are "Future Improvement Area Bonds") to finance the Actual Costs of Authorized Improvements to be developed to serve each Future Improvement Area. The estimated costs of such improvements benefiting Future Improvement Areas of the District will be determined as Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the Authorized Improvements to be constructed within Future Improvement Areas of the District to be financed by each series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas of the District that benefit from the Authorized Improvements. See "THE DEVELOPMENT – Improvement Areas and Future Improvement Area Bonds").

The Improvement Area #1 Assessed Property has been or will be subdivided into 133 lots for single-family residential development (each, a "Lot"). The Developer began construction on the Improvement Area #1 Improvements in August 2020. The Developer expects substantial completion of the Improvement Area #1 Improvements to occur in or around May 2021.

Status of Builder Contract

The Developer is under contract to sell all of the 362 Lots in the District, including all of the 133 Lots in Improvement Area #1, to Taylor Morrison of Texas, Inc., a Texas corporation (the "Homebuilder" or "Taylor Morrison"). Pursuant to the purchase and sale contract with the Homebuilder, the Homebuilder has agreed to, upon substantial completion of Improvement Area #1 Improvements, initially take down 30 Lots. Thereafter, the Homebuilder will be required to take down at least 26 Lots each quarter until all Lots within Improvement Area #1 have been taken down. The Developer has received an earnest money deposit from the Homebuilder totaling $2,825,125. See "THE DEVELOPMENT" for more information concerning the status of Lot sales and the status of development in the District.

The Bonds

The proceeds of the Bonds will be used to: (1) pay a portion of the Improvement Area #1 Costs, (2) fund a portion of the Delinquency and Prepayment Reserve Account, (3) fund a portion of the Reserve Account, and (4) pay the District Formation and Bond Issuance Costs. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENTS," and "APPENDIX B — Form of Indenture."

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments to be levied against the Improvement Area #1 Assessed Properties, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS" and "ASSESSMENT PROCEDURES." **The Bonds shall never constitute an indebtedness or general obligation of the City, the State or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

The Improvement Area #1 Bonds and any Future Improvement Area Bonds, if issued by the City, will constitute separate and distinct issues of securities and will be secured by separate assessments. The Bonds are separate and distinct issues of securities from any Additional Improvement Area #1 Bonds or

Refunding Bonds issued by the City in the future, but the Additional Improvement Area #1 Bonds and the Refunding Bonds, if any, issued under the Master Indenture and a Supplemental Indenture (as defined in the Indenture) will be equally and ratably secured by the Trust Estate. No Additional Improvement Area #1 Bonds or Refunding Bonds are offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

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

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

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

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the "Investor Information"). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor's purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor's decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that underwriter is not deemed officers or employees of the City.

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

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Improvement Area #1 Bonds.

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

DESCRIPTION OF THE BONDS

General Description

Capitalized terms not otherwise defined in this caption have the meanings assigned to them in the Indenture. The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2021 (each, an "Interest Payment Date"), until maturity or prior redemption. The Bank of New York Mellon Trust Company, N.A., is the initial Trustee and Paying Agent/Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of $[100,000] and in integral multiples of $5,000 in excess thereof ("Authorized Denominations"). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" and "SUITABILITY FOR INVESTMENT."

Redemption Provisions

Optional Redemption. The City reserves the option to redeem Bonds, in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments including related transfers to the Redemption Fund as provided in the Master Indenture or any other transfers to the Redemption Fund under the terms of the Master Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to the provisions of the Master Indenture. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to the Master Indenture unless it has at least $5,000 available in the Redemption Fund with which to redeem the Bonds.

Mandatory Sinking Fund Redemption. The Bonds (referred to as "Term Bonds" below) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

$___ Term Bonds maturing September 15, 20__[*]

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__†	

$___ Term Bonds maturing September 15, 20__[*]

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__†	

*† Stated maturity.

At least forty-five (45) days prior to each scheduled mandatory redemption date and subject to any prior reduction authorized by the Indenture, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as required by the Indenture.

The principal amount of the Term Bonds required to be redeemed on any redemption date shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary redemption provisions and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption to Owners. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount

[*] Preliminary, subject to change.

equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Additional Provisions with Respect to Redemption. If less than all of the Bonds within a maturity are to be redeemed, such Bonds shall be called by random selection. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond.

If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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 a single Bond of an Authorized Denomination may be redeemed, but only in a principal amount equal to $5,000 or any integral thereof. The Trustee shall treat each $5,000 portion of such Bond as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding 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 Bond for redemption in part, the Trustee shall authenticate and deliver and exchange the Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Limited Offering Memorandum. In reading this Limited Offering Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

SECURITY FOR THE IMPROVEMENT AREA #1 BONDS

General

THE IMPROVEMENT AREA #1 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE IMPROVEMENT AREA #1 BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF

THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE IMPROVEMENT AREA #1 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE IMPROVEMENT AREA #1 BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE IMPROVEMENT AREA #1 BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE IMPROVEMENT AREA #1 BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The principal of, premium, if any, and interest on the Improvement Area #1 Bonds are secured by a pledge of and a lien upon the Pledged Revenues (defined below) and other assets of the Trust Estate, consisting primarily of revenues from the Improvement Area #1 Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. Improvement Area #1 contains approximately 40 acres within the District. Other than Non-Benefited Property (as defined in the Service and Assessment Plan), all of the property within Improvement Area #1 will be assessed. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as updated, amended and supplemented, the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, including Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the assessments (including Improvement Area #1 Assessments), and provides for the allocation of Pledged Revenues for payment of, premium, if any, and interest on the Improvement Area #1 Bonds.

The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Improvement Area #1 Assessments due in a given year. The determination by the City of the special assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Improvement Area #1 Improvements by levying Improvement Area #1 Assessments upon properties in Improvement Area #1 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Improvement Area #1 Assessments anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan." The City will covenant in the Indenture that it will take and pursue all actions permissible under 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 (collectively, "Applicable Laws") to cause the Improvement Area #1 Assessments to be collected and the liens thereof to be enforced continuously. See "— Pledged Revenue Fund," "APPENDIX B — Form of Indenture" and "APPENDIX C — Form of Service and Assessment Plan."

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

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of PID Bonds, and the construction, operation, and maintenance of the Authorized Improvements, 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 and Annual Installments, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming Obligations; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the issuance and sale of Obligations, the administration of the Improvement Area #1 Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection

with PID Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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 on the 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, as applicable.

"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 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, and (iii) Foreclosure Proceeds.

"Pledged Funds and Accounts" means the following funds and the accounts therein; the Pledged Revenue Fund, the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

"Pledged Revenues" means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Improvement Area #1 Bonds.

The PID Act provides that the Improvement Area #1 Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the property assessed, superior to all other liens or claims, except liens and claims for State of Texas (the "State"), county, school district, or municipality ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Improvement Area #1 Assessments are paid (or otherwise discharged), and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein.

Collection and Deposit of Assessments

The Improvement Area #1 Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds are shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of, premium, if any, and interest on the Bonds and, on a subordinate basis, the Improvement Area #1 Reimbursement Obligation as set forth in the Reimbursement Agreement and the Service and Assessment Plan, as and to the extent provided in the Service and Assessment Plan and the Indenture. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS — Pledged Revenue Fund" and "APPENDIX B — Form of Indenture."

The Improvement Area #1 Assessments assessed to pay debt service on the Bonds, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds and the Improvement Area #1 Reimbursement Obligation. An Annual Installment of Improvement Area #1 Assessments has been made payable in the Assessment Ordinance in each Fiscal Year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay the portion of the debt service requirements attributable to Improvement Area #1 Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

Any sums collected for the payment of Annual Collection Costs shall be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The City will impose Improvement Area #1 Assessments on the property within Improvement Area #1 of the District to pay the principal of and interest on the Improvement Area #1 Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Improvement Area #1 Assessments are effective from the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Improvement Area #1 Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Improvement Area #1 Bonds, which installments shall include interest on the Improvement Area #1 Special Assessments. Pursuant to the Assessment Ordinance, interest on the Improvement Area #1 Assessments for each lot within Improvement Area #1 and allocated to the Bonds, begins to accrue on the date specified in the Service and Assessment Plan and, bears interest at the rate of interest on the Bonds plus the 0.50% additional interest charged on Improvement Area #1 Assessments pursuant to Section 372.018 of the PID Act ("Additional Interest Rate"). Interest on the Improvement Area #1 Assessments allocated to the Improvement area #1 Reimbursement Obligation pursuant to the Reimbursement Agreement begins to accrue on the date specified in the Service and Assessment Plan and interest on such portion of the Improvement Area #1 Assessments shall bear interest at the rates set forth in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of Improvement Area #1 Assessments, will be determined by September 30 of each year and billed on or around October 15 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.003(b)(14) of the PID Act, the City will levy, assess and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the annual costs incurred by the City in the administration and operation of Improvement Area #1 of the District (the "Annual Collection Costs"). The portion of each Annual Installment of an Improvement Area #1 Assessment used to pay the Annual Collection Costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the levy after an annual review in any year pursuant to Section 372.015(d) of the PID Act. The amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance, and shall be billed on or about October 15 of each year and shall be delinquent if not paid by February 1 of the following year. Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.

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

The PID Act provides that the Improvement Area #1 Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the property within Improvement Area #1, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Improvement Area #1 Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein. The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance ("Pre-existing Homestead Rights") for as long as such rights are maintained on the property. See "BONDHOLDERS' RISKS — Assessment Limitations." There are currently no properties within Improvement Area #1 that have claimed a homestead exemption.

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

Perfected Security Interest

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

Pledged Revenue Fund

On or before February 1 of each year while the Improvement Area #1 Bonds are Outstanding, provided that Pledged Revenues have been received by the City, or if not, then as soon available, beginning February 1, 2021, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund and the Delinquency and Prepayment Account, respectively) shall be deposited into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(i) *first*, unless otherwise directed by a Supplemental Indenture, to be retained in the Pledged Revenue Fund amounts sufficient to pay Annual Debt Service on the Improvement Area #1 Bonds coming due in the current Bond Year;

(ii) *second*, unless otherwise directed by a Supplemental Indenture, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement;

(iii) *third*, unless otherwise directed by a Supplemental Indenture, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement;

(iv) *fourth*, to the Improvement Area #1 Reimbursement Fund in amounts set forth in the Service and Assessment Plan and for the annual reimbursement of Improvement Area #1 Improvements pursuant to the Reimbursement Agreement; and

(v) *fifth*, unless otherwise directed by a Supplemental Indenture, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (i) through (iv) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Improvement Area #1 Bonds as provided in the Indenture. The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited as Additional Interest, Prepayments or Foreclosure Proceeds.

From time to time as needed to pay the obligations relating to the Improvement Area #1 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, 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 to be deposited, 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 Improvement Area #1 Bonds on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund, there are insufficient funds to make the payments provided above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Improvement Area #1 Bonds.

Notwithstanding the above described flow of funds, the Trustee shall deposit (a) Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account (up to the Delinquency and Prepayment Reserve Requirement); (b) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (c) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to restore any transfers from the Bond Reserve Account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Bond Reserve Account Requirement); second, to restore any transfers from the Delinquency and Prepayment Reserve Account made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Delinquency and Prepayment Reserve Requirement); and third, to the Redemption Fund.

Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Improvement Area #1 Bonds, and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including the payment of any amount owed pursuant to the Reimbursement Agreement, as set forth in a Supplemental Indenture.

Assessments representing Delinquent Penalties and Interest shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Bond Fund

No later than 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 Improvement Area #1 Bonds.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and

second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds. Not later than five (5) Business Days before each date identified above, the Trustee shall withdraw funds from the Capitalized Interest Account and transfer to the Principal and Interest Account the amount set forth in a Supplemental Indenture. Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the applicable Supplemental Indenture shall be transferred, at the direction of the City, to the Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Improvement Area #1 Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Pursuant to the Indenture, a Project Fund will be created to be used for the purposes described in "PLAN OF FINANCE – The Bonds."

Money on deposit in the Improvement Account, Developer Improvement Account and the Project Fund shall be used for the purpose of paying a portion of the Improvement Area #1 Costs pursuant to a Certificate of Payment submitted by the Developer.

Except as otherwise provided in the Indenture, money on deposit in the Developer Improvement Account and the Improvement Account of the Project Fund, shall be used solely to pay the costs of the Improvement Area #1 Improvements. Upon receipt of a reviewed and approved Certificate for Payment, the Trustee shall make payment for the costs set forth therein, from the following accounts in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in the Indenture, money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in the Indenture, money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Account shall be transferred to the Redemption Fund to redeem Improvement Area #1 Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Improvement Account shall be closed.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to the Indenture.

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all costs thereof have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account; and (ii) shall close the Developer Improvement Account.

Any amounts in the Developer Improvement Account to be transferred and released shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City.

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Improvements Costs have been paid, or that any such costs are not required to be paid from the Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee, and shall close the Improvement Account of the Project Fund.

Notwithstanding the above, no more than ten (10%) of Improvement Area #1 Bond proceeds may be disbursed from the Improvement Account of the Project Fund until Developer has certified to the City that a Home Owners Association ("HOA") has been created and covenants, conditions and restrictions regarding such HOA has been properly recorded in the property records of Harris County; provided, however, notwithstanding the foregoing, the Trustee shall be under no duty or obligation to ascertain whether the City has properly executed a Certificate for Payment or to analyze or verify whether any documentation supporting the payments or reimbursements have been properly approved by the City, but shall be entitled to rely on the Certificate of Payment executed by the City as authorization for the payment of the amount set forth in such Certificate for Payment.

Redemption Fund

Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to optional redemption, extraordinary option redemption and mandatory sinking fund redemption as provided in the Supplemental Indenture.

The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds received by the Trustee, an amount sufficient to redeem Improvement Area #1 Bonds pursuant to the extraordinary optional redemption as set forth in the Supplemental Indenture. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Improvement Area #1 Bonds to the date fixed for redemption of the Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

The Trustee shall, to the extent sufficient funds are available from the Pledged Revenues received by the Trustee and not otherwise disbursed in accordance with the provisions of the Indenture, cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to the Indenture, an amount sufficient to redeem Improvement Area #1 Bonds pursuant to optional redemption, extraordinary optional redemption or mandatory sinking fund redemption at the direction of the City.

Bond Reserve Account

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and will held by the Trustee and funded with proceeds of the Improvement Area #1 Bonds in the amount of the Reserve Account Requirement.

The City agrees with the Owners of the Improvement Area #1 Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. As noted below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Improvement Area #1 Bonds is due.

Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn. Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to the Principal and Interest Account, the Redemption Fund, or the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Expense Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds).

At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #1 Bonds. If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Improvement Area #1 Bonds. If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Improvement Area #1 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement Area #1 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #1 Bonds as of such Interest Payment Date.

Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account 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 Improvement Area #1 Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Bond Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Bond Reserve Account Requirement after such redemption; provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Improvement Area #1 Bonds, 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 Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

Delinquency and Prepayment Reserve Account

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created and held by the Trustee for the benefit of the Bonds. In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond

Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with the Indenture), or (iii) to the Redemption Fund to be used to redeem Improvement Area #1 Bonds. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Expense Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Improvement Area #1 Bonds.

Administrative Fund

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. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

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, including payment of Annual Collection Costs and Delinquent Collection Costs. THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND IS NOT SECURITY FOR THE IMPROVEMENT AREA #1 BONDS.

The Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within ten (10) Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Improvement Area #1 Reimbursement Fund

Money on deposit in the Improvement Area #1 Reimbursement Fund shall be used to reimburse the Developer for Improvement Area #1 Costs pursuant to the Reimbursement Agreement and the Service and Assessment Plan. The payment of Improvement Area #1 Assessments to reimburse the Developer for Improvement Area #1 Costs is subordinate to the payment of debt service on the Improvement Area #1 Bonds.

Defeasance

All Outstanding Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Bonds to become due on such Improvement Area #1 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 Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #1 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #1 Bonds, that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #1 Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Improvement Area #1 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 Improvement Area #1 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

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

Events of Default

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

(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 Improvement Area #1 Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and

(iv) default in the performance or observance of any covenant, agreement or obligation of the City under the 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 at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds at the time Outstanding requesting that the failure be remedied.

An event described above will not be viewed as an Event of Default if it is in violation of any applicable state law or court order.

The City shall not be required to advance anything other than the Pledged Revenues that have been made available to the City or other assets that are part of the Trust Estate in order to avoid the Events of Default listed above.

Immediate Remedies for Default

Upon the happening and continuance of any of the Events of Default described in the Indenture, the Trustee may, and at the written direction of Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #1 Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

THE PRINCIPAL OF THE IMPROVEMENT AREA #1 BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Improvement Area #1 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #1 Bonds due under in an Event of Default, 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.

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this subcaption. 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 proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy 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 at least 25% of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding 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 written evidence of indemnity as required by the Indenture, (iv) the Trustee has for ninety (90) 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 direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Improvement Area #1 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Improvement Area #1 Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Improvement Area #1 Bonds.

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Improvement Area #1 Bonds, as follows:

(i) *First*: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

(ii) *Second*: To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Improvement Area #1 Bonds, or Redemption Price of any Improvement Area #1 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 Improvement Area #1 Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered 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 the Indenture.

In the event funds are not adequate to cure any of the Events of Default, the available funds shall be allocated to the Improvement Area #1 Bonds that are Outstanding in proportion to the quantity of Improvement Area #1 Bonds that are currently due and in default under the terms of the Indenture. The restoration of the City to its prior position after any and all defaults have been cured, shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Investment of Funds

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in the Indenture. 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 to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested. Any obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts.

The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if approved by the City in writing. 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 and may conclusively rely on the City's written instructions of the directed investments.

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 the Indenture.

The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement will be provided if no activity occurred during such month, so long as the Trustee is providing such online access. The Trustee may conclusively rely on City Certificates that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Against Encumbrances

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 and the Pledged Funds and Accounts, or upon any other property pledged under the Indenture, except the pledge created for the security of the Improvement Area #1 Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

So long as Improvement Area #1 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #1 Bonds and bonds issued to refund all or a portion of the Improvement Area #1 Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

Conditions Precedent to Issuance of Improvement Area #1 Bonds

Each series of Improvement Area #1 Bonds shall be issued and delivered only upon delivery to the Trustee of the following:

(i) Certified copy of a Supplemental Indenture authorizing the issuance thereof and specifying the terms and provisions of such Improvement Area #1 Bonds as required by the Master Indenture;

(ii) Certificate of the City stating that (i) all conditions precedent to the issuance of the Improvement Area #1 Bonds specified in the Master Indenture and in any Supplemental Indenture have been satisfied, and (ii) the City is not in default in any covenant, representation, warranty or provisions of the Master Indenture or of any Supplemental Indenture unless such default will be cured by the issuance of the proposed Improvement Area #1 Bonds; and

(iii) City Certificates executed by an Authorized Officer of the City directing the application of the proceeds of the Improvement Area #1 Bonds.

No Improvement Area #1 Bonds shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Improvement Area #1 Assessments to the value of the Improvement Area #1 Assessed Property for each series of Improvement Area #1 Bonds equals at least 3:1, as determined by the City.

Additional Obligations; Other Obligations or Other Liens

The City reserves the right to issue Additional Obligations ("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 Pledged Revenues.

So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Additional Improvement Area #1 Bonds issued pursuant to a Supplemental Indenture, secured by any pledge of or other lien or charge on the Trust Estate pledged under the Master Indenture, other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds, or (ii) refunding bonds issued to refund all or a portion of the Improvement Area #1 Bonds.

Other than bonds issued to refund all or a portion of the Improvement Area #1 Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; 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 adversely affect the ability of the City to timely pay the Annual Debt Service due and owing on the Improvement Area #1 Bonds.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

SOURCES AND USES OF FUNDS*

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

Sources of Funds:	
Principal Amount	$
Developer Contribution	
TOTAL SOURCES	$
Use of Funds:	
Deposit to Improvement Area #1 Improvement Account of the Project Fund	$
Deposit to Developer Improvement Account of the Project Fund	
Deposit to Bond Reserve Account	
Deposit to Capitalized Interest Account	
Deposit to Delinquency and Prepayment Reserve Account	
Deposit to Administrative Fund	
Underwriter Discount(1)	
Cost of Issuance	[_____]
TOTAL USES	**$[_____]**

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

* To be completed upon pricing.

DEBT SERVICE REQUIREMENTS*

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

Year Ending (September 30)	Principal	Interest	Total
2021	$	$	$
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
Total			

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

* To be completed upon pricing.

OVERLAPPING TAXES AND DEBT

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities. Such taxes are payable in addition to the Improvement Area #1 Assessments. In addition, the Developer anticipates that each Lot owner in Improvement Area #1 of the District will pay a maintenance and operation fee and/or a property owner's association fee to a homeowner's association of approximately $1,000 per year.

The City, Harris County, Harris County of Department of Education, Harris County Flood Control District, Harris County Hospital District, Lone Star College System, Port of Houston Authority, and Tomball Independent School District ("Tomball ISD"), may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by any other taxing authorities.

The following table reflects the overlapping ad valorem tax rates levied on property located in Improvement Area #1. Improvement Area #1 will be located entirely within the corporate limits of the City and within Harris County, Harris County of Department of Education, Harris County Flood Control District, Harris County Hospital District, Lone Star College System, Port of Houston Authority, and Tomball ISD.

Taxing Entity	Tax Year 2019 Ad Valorem Tax Rate[(1)]
The City	0.341455
Harris County	0.407130
Harris County Department of Education	0.005000
Harris County Flood Control District	0.027920
Harris County Hospital District	0.165910
Lone Star College System	0.107800
Port of Houston Authority	0.010740
Tomball ISD	1.290000
Harris County Emergency Service District #8	0.096700
Total Current Tax Rate	$2.452655
Estimated Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	$0.9359[(2)]
Estimated Total Tax Rate and Average Annual Assessment in Improvement Area #1 as a Tax Rate Equivalent	**$3.3885[(2)]**

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

(2) Assumes completion of homes at values estimated by the Developer. For estimated average annual assessment in Improvement Area #1 as a tax rate equivalent without assuming completion of homes, see "Expected Improvement Area # 1 Assessment Reallocation in Improvement Area #1" below. Includes the assessment for the Bonds and the Improvement Area #1 Reimbursement Obligation. Preliminary, subject to change. Pursuant to the Development Agreement the maximum projected annual assessment for each phase shall be no greater than $0.96 per $100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each phase or future improvement area and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the lots).

Source: Municipal Advisory Council of Texas.

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

Taxing or Assessing Entity	Gross Outstanding Debt as of 7/31/20	Estimated Percentage Applicable[(1)]	Direct and Estimated Overlapping Debt[(1)]
The City (the Bonds)	$2,490,000[(2)]	100.00%	$2,490,000[(2)]
The City (IA#1 Reimbursement Obligation)	1,690,000[(2)]	100.00%	1,690,000[(2)]
The City (General Obligation)	34,495,000	1.7168%	592,199
Harris County	1,885,182,125	0.00742%	139,871
Harris County Department of Education	6,320,000	0.00742%	469
Harris County Flood Control District	83,075,000	0.00758%	6,296
Harris County Hospital District	86,050,000	0.00765%	6,579
Lone Star College District	569,815,000	0.017034%	97,064
Port of Houston Authority	572,569,397	0.00758%	43,401
Tomball ISD	568,725,000	0.30940%	1,759,628
	$3,810,411,522		**$6,825,506**

(1) Based on the Appraisal for Improvement Area #1 and on certified valuations for Tax Year 2019 for the taxing entities. The Appraisal assumes the completion of the Improvement Area #1 Improvements.

(2) Preliminary, subject to change.

Sources: Municipal Advisory Council of Texas.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural use valuation with respect to its ad valorem taxes. None of the property in Improvement Area #1 is currently subject to an agricultural value. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. See "BONDHOLDERS' RISKS – Agricultural Use Valuation and Redemption Rights."

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous five years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract. The land within Improvement Area #1 is no longer subject to an agricultural valuation, and the Developer will pay any roll-back taxes due.

ASSESSMENT PROCEDURES

General

Capitalized terms under this caption and not otherwise defined in the Limited Offering Memorandum shall have the meaning given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Improvements through Improvement Area #1 Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 of the District to be subject to Improvement Area #1 Assessments to pay the

costs therefor. The City has caused an assessment roll to be prepared (the "Improvement Area #1 Assessment Roll"), which Improvement Area #1 Assessment Roll shows the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Improvement Area #1 Assessment against each lot or parcel of land and the number of Annual Installments in which the Improvement Area #1 Assessment is divided. The Improvement Area #1 Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding the same with Improvement Area #1 Assessments. The City intends to levy the Improvement Area #1 Assessments and adopt the Assessment Ordinance on September 21, 2020. After adoption of the Assessment Ordinance, the Improvement Area #1 Assessments will become legal, valid and binding liens upon the property against which the Improvement Area #1 Assessments were made.

Under the PID Act, the costs of the Improvement Area #1 Improvements to be defrayed through Improvement Area #1 Assessments may be assessed by the City against the assessable property in Improvement Area #1 of the District so long as the special benefit conferred upon the Improvement Area #1 Assessed Property by the Improvement Area #1 Improvements equals or exceeds the Improvement Area #1 Assessments. The costs of the Improvement Area #1 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Improvement Area #1 Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #1 of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C — Form of Service and Assessment Plan."

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property within Improvement Area #1 as a result of the Improvement Area #1 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Improvement Area #1 Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues and other assets of the Trust Estate, including the Improvement Area #1 Assessments.

Method of Apportionment of Assessments. As set forth in the Service and Assessment Plan, the City Council has determined to allocate the cost of the Improvement Area #1 Improvements entirely to the Improvement Area #1 Assessed Property by spreading the entire Improvement Area #1 Assessment across all Improvement Area #1 Assessed Property based on the ratio of the estimated build out value of each parcel within Improvement Area #1 to the estimated build out value for all parcels within Improvement Area #1.

Method of Allocation of Improvement Area #1 Assessments. As set forth in the Service and Assessment Plan, the City Council will initially allocate the Improvement Area #1 Assessments to all Improvement Area #1 Assessed Property by Lot Type. All Lots within Improvement Area #1 are determined to be Lot Type 1 Lots. As such, each Lot within Improvement Area #1 is allocated the same Assessment and all Lots within Improvement Area #1 are equally benefitted by the Improvement Area #1 Improvements. See Exhibit F, Improvement Area #1 Assessment Roll, to "APPENDIX C – Form of Service and Assessment Plan."

Method of Reallocation of Assessments. Upon subdivision or consolidation of an Improvement Area #1 Assessed Property, the Improvement Area #1 Improvements shall be reallocated to each Lot Type based on Estimated Buildout Value of each Improvement Area #1 Assessed Property (upon recorded subdivision plat — estimated average build out value of all newly subdivided Lots with same Lot Type) to the estimated build out value for all parcels or Lots within the prior parcel.

The sum of the Improvement Area #1 Assessments for all newly divided Improvement Area #1 Assessed Properties shall equal the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Improvement Area #1 Assessed

Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council.

If two or more Lots or parcels are consolidated, the Administrator shall allocate the Improvement Area #1 Assessments against the Lots or parcels before the consolidation to the consolidated Lot or parcel, which allocation shall be reflected in the next Annual Service Plan Update and approved by the City Council.

True-up of Assessments if Maximum Assessment Exceeded. Prior to the City approving a final subdivision plat for Improvement Area #1 Assessed Property, the Administrator will certify that such plat will not result in the Improvement Area #1 Assessment for Lot Type 1 exceeding the Maximum Assessment. If the Administrator determines that the resulting Improvement Area #1 Assessment for Lot Type 1 exceeds the Maximum Assessment, then (1) the Improvement Area #1 Assessment applicable to Lot Type 1 shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City the amount the Improvement Area #1 Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat.

Mandatory Prepayment of Improvement Area #1 Assessments. If Improvement Area #1 Assessed Property is transferred to a person or entity that is exempt from payment of the Improvement Area #1 Assessment, the owner transferring the Improvement Area #1 Assessed Property shall pay to the City the full amount of the Improvement Area #1 Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Improvement Area #1 Assessed Property causes the Improvement Area #1 Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay to the City the full amount of the Improvement Area #1 Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

Reduction of Improvement Area #1 Assessments. If, as a result of cost savings or an Improvement Area #1 Improvement not being constructed, the Actual Costs of completed Improvement Area #1 Improvements are less than the costs estimated in the Service and Assessment Plan, each Improvement Area #1 Assessment shall be reduced on a pro-rata basis such that the sum of the resulting reduced Improvement Area #1 Assessments for all Improvement Area #1 Assessed Properties equals the reduced Actual Costs. Any excess Improvement Area #1 Bond proceeds remaining as a result of a cost savings for Improvement Area #1 Improvements shall be applied to redeem [the applicable series of] outstanding Improvement Area #1 Bonds. Any such reduction in the costs of the Improvement Area #1 Improvements shall also reduce the obligation under the Reimbursement Agreement. The Improvement Area #1 Assessments shall not, however, be reduced to an amount less than the outstanding Improvement Area #1 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 Improvement Area #1 Assessments.

Similarly, if a portion of the Improvement Area #1 Improvements to be funded with Improvement Area #1 Bonds or pursuant to the Reimbursement Agreement are not undertaken resulting in excess Improvement Area #1 Bond proceeds or excess Improvement Area #1 Assessment revenues, then the City may, in its discretion (i) in accordance with the Indenture, reduce the Improvement Area #1 Assessment for each Improvement Area #1 Assessed Property securing the Improvement Area #1 Bonds on a pro-rata basis, or as otherwise determined by the City in accordance with the Indenture, to reflect only the Actual Costs that were expended and deposit and apply such excess Improvement Area #1 Bond proceeds as described in the paragraph above or as authorized in the Indenture or (ii) reduce the applicable Improvement Area #1 Assessment and the corresponding obligation under the Reimbursement Agreement.

The Improvement Area #1 Assessments shall not be reduced to an amount less than the amount due on the outstanding Improvement Area #1 Bonds and any related obligation under the Reimbursement Agreement, as such obligation may be reduced pursuant to the Service and Assessment Plan. If all of the Improvement Area #1 Improvements are not completed, the City may reduce the Improvement Area #1 Assessments in another method if

it determines such method would better reflect the benefit received by the Improvement Area #1 Assessed Properties from the Improvement Area #1 Improvements completed.

If all the Improvement Area #1 Improvements are not undertaken resulting in excess Improvement Area #1 Bond proceeds and excess Improvement Area #1 Assessment revenues, then the City shall, at its discretion (i) in accordance with the Indenture, reduce Improvement Area #1 Assessments and Annual Installments for each applicable Improvement Area #1 Assessed Property on a pro-rata basis to reflect only the amounts required to repay the Improvement Area #1 Bonds, including interest on the Improvement Area #1 Bonds, Additional Interest, Annual Collection Costs, and/or (ii) reduce the outstanding obligation under the Reimbursement Agreement and reduce the applicable Improvement Area #1 Assessments and Annual Installments to reflect only the amount required to repay the resulting reduced obligation, if any. The applicable excess Improvement Area #1 Bond proceeds shall be applied to redeem Improvement Area #1 Bonds as set forth in the applicable Indenture. The Improvement Area #1 Assessments shall not, however, be reduced to an amount less than the amount due on the related outstanding Improvement Area #1 Bonds.

The City Council may reduce the Improvement Area #1 Assessments and the Annual Installments for Improvement Area #1 Assessed Property (1) in an amount that represents the Improvement Area #1 Improvements provided for each property; (2) by an equal percentage per Residential Lot; or (3) In any other manner determined by the City Council to be the most fair and practical means of reducing the Improvement Area #1 Improvement Area #1 Assessments for Assessed Property, such that the sum of the resulting reduced Improvement Area #1 Assessments equals the amount required to repay the Improvement Area #1 Bonds, including interest on the Improvement Area #1 Bonds, Additional Interest, the Annual Collection Costs portion of the Improvement Area #1 Assessment, and any obligation under the Reimbursement Agreement.

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

The following table provides the initial allocation of Improvement Area #1 Assessments to the Improvement Area #1 Initial parcel.

Expected Improvement Area # 1 Assessment Reallocation in Improvement Area #1[(1)]

Planned Lot Type (ft.)	Planned Number of Units[(3)]	Est. Finished Lot Value per Unit[(2)]	Projected Home Value per Unit[(3)]	Estimated Assessment per Lot[(4)]	Total Assessment per Lot Type[(4)]	Estimated Average Annual Installments per Lot	Tax Rate Equivalent per $100/AV (Completed Homes)[(5)(6)]
50 x 125	133	$62,500	$270,000	$31,429	$4,180,000	$2,527	$0.9359
Total/Avg	**133**	**$62,500**	**$270,000**	**$31,429**	**$4,180,000**	**$2,527**	**$0.9359**

(1) Estimates based on information available as of the date of this Limited Offering Memorandum. Actual unit counts and estimated unimproved land value may vary from the estimates shown above. The above estimates of value assume completion of the Improvement Area #1 Improvements. The above estimate assumes an average of 5.0% interest rate, excluding Additional Interest, on the Bonds, an average of 4.75% interest rate on the Improvement Area #1 Reimbursement Obligation and a 30-year term for the Bonds and Annual Collection Costs of $53,000 per year. Preliminary, subject to change.

(2) Values based on sales prices in the Developer's purchase and sale agreements with Homebuilder.

(3) Provided by the Developer.

(4) Obtained from the Service and Assessment Plan.

(5) Beginning the first full payment year after amounts deposited for capitalized interest have been used for the payment of interest on the Bonds. Includes Improvement Area #1 Assessments securing the Bonds and the interest thereon, Additional Interest related to the Improvement Area #1 Assessments securing the Bonds, Improvement Area #1 Assessments securing the Improvement Area #1 Reimbursement Obligation and Annual Collection Costs. Preliminary, subject to change.

(6) The Service and Assessment Plan provides for a "Maximum Assessment," which may not be exceeded. The Maximum Assessment for 50' x 125' Lots is $31,429.

Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the City. The Improvement Area #1 Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Improvement Area #1 Assessments incur interest, penalties and attorney's fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See "BONDHOLDERS' RISKS — Assessment Limitations" herein.

The City will covenant in the Indenture to collect, or cause to be collected, Improvement Area #1 Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each parcel. Annual Collection Costs shall be allocated among all Improvement Area #1 Assessed Property in proportion to the amount of the Annual Installments for the parcels.

The City will covenant, agree and warrant in the Indenture that, for so long as any Bonds are outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of, the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such

Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessment or the corresponding Improvement Area #1 Assessed Property.

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

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Improvement Area #1 Assessments have been established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each parcel consisting of payment of (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest (with respect to the portion of the Improvement Area #1 Assessment allocated to the Improvement Area #1 Bonds.) The Annual Installments for Improvement Area #1 may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments will be levied against the parcels comprising the Improvement Area #1 Assessed Property as indicated on the Improvement Area #1 Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

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

The Bonds are secured by a first lien on and pledge of the Trust Estate, including revenue from the Improvement Area #1 Assessments. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS" and "APPENDIX C — Form of Service and Assessment Plan."

Prepayment of Assessments

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay (a "Prepayment") all or part of any Improvement Area #1 Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Improvement Area #1 Assessments.

Mandatory Prepayments. If (i) Improvement Area #1 Assessed Property is transferred to a party that is exempt from the payment of the Improvement Area #1 Assessment under applicable law, or (ii) an owner of Improvement Area #1 Assessed Property causes the Improvement Area #1 Assessed Property to become Non-

Benefited Property, the owner of such Improvement Area #1 Assessed Property shall pay to the City the full amount of the Improvement Area #1 Assessment, plus all Prepayment Costs and Delinquent Collection Costs, prior to any such transfer or act (a "Mandatory Prepayment"), in accordance with the Service and Assessment Plan.

Priority of Lien

The Improvement Area #1 Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Assessment Ordinance until the Improvement Area #1 Assessment is paid, and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any property assessed may pay the entire Improvement Area #1 Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

In the event of delinquency in the payment of any Annual Installment, except for unpaid Improvement Area #1 Assessments on homestead property (unless the lien associated with the assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in state district court to foreclose the lien of such delinquent Annual Installment. In such action the real property subject to the delinquent Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Improvement Area #1 Assessment will be subject to the lien established for remaining unpaid installments of the Improvement Area #1 Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Improvement Area #1 Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event, there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessment on the corresponding Improvement Area #1 Assessed Property.

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

THE CITY

Location and Size

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. According to the United States Census Bureau, the City covers approximately 12.32 square miles.

Population

The Federal Decennial Census information is provided below. The City estimates its 2020 population to be 13,000.

Federal Decennial Census					
1960	**1970**	**1980**	**1990**	**2000**	**2010**
1,713	2,734	3,996	6,370	9,089	10,753

City Government

The City is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated on July 18, 1933 and first adopted its Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintaining streets and drainage, municipal court, a community center, and parks.

The current members of the City Council and their respective expiration of terms of office are as follows:

Council Member	Position	Term Expires (May)
Gretchen Fagan	Mayor	2022
John F. Ford	Council Position 1	2023
Mark Stoll	Council Position 2/ Mayor Pro Tem	2021
Chad Degges	Council Position 3	2022
Derek Townsend Sr	Council Position 4	2021
Lori Klein Quinn	Council Position 5	2023

The principal administrators of the City include the following:

Name	Position
Robert Hauck	City Manager
David Esquivel	Assistant City Manager
Doris Speer	City Secretary
Glenn Windsor	Director of Finance

See "APPENDIX A – General Information Regarding the City" for more information.

Transportation and Utilities

The City is served by a Burlington Northern system affiliate, with rail spur connections available, and is also served by an Arrow-Trailways bus line. Commercial air service is afforded by the George Bush Intercontinental Airport, William P. Hobby Airport and David Wayne Hooks Memorial Airport, approximately 25 miles, 40 miles and 2 miles from the City, respectively. FM 2920, a four-lane highway, connects the City to Interstate 45 and State Highway 290.

Electricity is supplied by CenterPoint and natural gas by the City. The City supplies potable water from six water wells and also provides two wastewater collection and treatment facilities.

Education and Health Care

The City is served by the schools of Tomball Independent School District ("Tomball ISD"). According to its website, Tomball ISD spans 83 square miles in northwest Harris County and southwest Montgomery County, and over 18,000 students in grades pre-kindergarten through 12 across 20 campuses. The district operates two comprehensive high schools, an accelerated high school, six middle schools, 11 elementary schools, a special programs center and an early childcare center. According to the Texas Education Agency annual school report cards, Tomball ISD was rated as "A" for 2018-2019. (The categories for public school districts and public schools are A, B, C, D or F).

Higher education facilities in the area include Lone Star College — Tomball which is a 145-acre campus offering Associate of Applied Science and Associate of Arts Degrees. Other colleges and universities within commuting distance include: Houston Baptist University, Prairie View A&M University, Rice University, St. Thomas University, Sam Houston State University, Texas A&M University, Texas Southern University, and the University of Houston.

The City is served by the non-profit acute general care hospital, Tomball Regional Hospital. Tomball Regional Hospital includes complete diagnostic facilities, a cardiac care unit, 24-hour emergency room, outpatient surgery center, a birthing center, a sports medicine center, home health care and the Texas Wound and Lymphedema Center. Also included with the hospital is The Heritage Retirement Community, which offers independent assisted living, comprehensive living and an Adult Daybreak Center. The City is also served by the for-profit long-term acute care hospital Kindred Hospital. The facility provides intensive care services, endoscopy suites, in-house radiology with CT, hyperbaric oxygen chambers, and 24-hour in-house physician coverage.

City Regulation of Oil and Gas Wells

In 2008, the City enacted an ordinance prohibiting, without a permit, the drilling or deepening of any well, or the conducting of any seismic activity, within 1,000 feet of any residence, building, or other structure intended for human occupancy without a permit. This applies to wells drilled after September 2, 2008 and does not apply to any fully drilled wells in existence prior to September 2, 2008. Accordingly, there are several producing wells within the City limits; although, none in the District. See also "THE DEVELOPMENT - Existing Mineral and Groundwater Rights."

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2019-41 of the City adopted on October 7, 2019 and as amended and restated on November 4, 2019 (the "Creation Resolution") for in accordance with the PID Act the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Improvement Area #1 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-iv hereof.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City

may levy and collect assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Improvement Area #1 Improvements. See "THE IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain improvements within the District, which include: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above authorized by the PID Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the district; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. The City has determined to finance a portion of the costs thereof through the issuance of the Bonds, and to provide for the payment of debt service on the Bonds from the Trust Estate. See "ASSESSMENT PROCEDURES" herein and "APPENDIX C — Form of Service and Assessment Plan."

THE IMPROVEMENTS

General

The current development plan for the District begins with the development of the Improvement Area #1 Improvements. Following the completion of the Improvement Area #1 Improvements, construction of the internal improvements to serve each Future Improvement Area will continue throughout the anticipated approximately five (5) year period required to complete development within the District (the "Development"). The Improvement Area #1 Improvements will be designed and constructed in accordance with City standards and specifications. See "APPENDIX C — Form of Service and Assessment Plan."

Improvement Area #1 contains 133 proposed Lots (as defined herein) in total. The Developer began construction on the Improvement Area #1 Improvements in August 2020. The Developer expects substantial completion of the Improvement Area #1 Improvements to occur in or around May 2021.

The Improvement Area #1 Improvements

The proceeds of the Bonds will be used to pay a portion of the Improvement Area #1 Costs, fund a portion of the Delinquency and Prepayment Account, and fund the Reserve Account, and pay the District Formation and Bond Issuance Costs. All Improvement Area #1 Improvements will be designed and constructed in accordance with City standards and will be owned and operated by the City.

The Developer or its designee will act as construction manager for the construction of the Improvement Area #1 Improvements. The Developer is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Improvements. A portion of the costs of the Improvement Area #1 Improvements will be funded with the proceeds of the Bonds, and the Developer will be responsible for funding the remainder of the costs of the Improvement Area #1 Improvements. From the proceeds of the Bonds, the City will either pay directly or will reimburse the Developer for a portion of the Actual Costs of developing and constructing the Improvement Area #1 Improvements. See "– The Development Agreement" below and APPENDIX G – Development Agreement." In addition, the City intends to enter into a Reimbursement Agreement with the Developer (to reimburse the Developer for a portion of the costs of the Improvement Area #1 Improvements not

included in the Improvement Area #1 Bonds, in an amount not to exceed $1,690,000.* See "– The Reimbursement Agreement" below and "APPENDIX H – Form of Reimbursement Agreement."

The Appraisal (as defined below) estimates that the value of the property within Improvement Area #1 of the District under the conditions described in the Appraisal is $7,490,000. See "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT." The cost of the Improvement Area #1 Improvements is estimated to be $5,951,204 (including Bond Issuance Costs). The cost of the Improvement Area #1 Improvements is expected to be financed as follows: (i) proceeds of the Bonds in the amount of $2,490,000*; and (ii) a Developer contribution in the approximate amount of $3,461,204,* a portion of which is to be expected to be reimbursed to the Developer from Improvement Area #1 Assessments pursuant to the Reimbursement Agreement. See "SOURCES AND USES OF FUNDS" and "APPENDIX C – Form of Service and Assessment Plan."

The following table reflects the total expected costs of the Improvement Area #1 Improvements. See "APPENDIX C – Form of Service and Assessment Plan." As of [June 30, 2020], the Developer has spent approximately $[564,588.57] towards the costs of Improvement Area #1 Improvements and other improvements and soft costs related to Improvement Area #1 of the District. See "APPENDIX C – Form of Service and Assessment Plan."

* Preliminary, subject to change.

Authorized Improvements	Total Costs [a]	Improvement Area #1 %	Improvement Area #1 Cost
Improvement Area #1 Improvements			
Roadway [b]	1,882,152	100.00%	$ 1,882,152
Water	212,679	100.00%	212,679
Wastewater	499,294	100.00%	499,294
Storm Water [c]	1,362,175	100.00%	1,362,175
Natural Gas	150,840	100.00%	150,840
Soft Costs [d]	760,656	100.00%	760,656
	$ 4,867,795		$ 4,867,795
Bond Issuance Costs [e]			
District Formation Costs	$ 150,000		$ 150,000
Debt Service Reserve Fund	231,113		231,113
Capitalized Interest	112,396		112,396
Deposit to Delinquency and Prepayment Reserve	20,900		20,900
Deposit to Administrative Expense Fund	60,000		60,000
Underwriter's Discount	200,000		200,000
Cost of Issuance	309,000		309,000
	$ 1,083,408		$ 1,083,408
Total	**$ 5,951,204**		**$ 5,951,204**

Footnotes:

[a] Costs pursuant to EHRA Engineering's Preliminary Cost Estimate.

[b] Roadway includes excavation, paving, clearing, grubbing and site prep.

[c] Storm Water includes on and off-site costs as well as storm water pollution prevention plan.

[d] Soft Costs include engineering fees, geotech and construction materials testing fees and construction staking fees.

[e] Bond Issuance Costs include estimated costs for issuing PID Bonds to refund the Improvement Area #1 Reimbursement Obligation.

The expected costs of the Improvement Area #1 Improvements are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, and were approved by the City Council as part of the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

Authorized Improvements. The Improvement Area #1 Improvements consist of the following:

Roadway Improvements. 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. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements. Improvements including trench excavation and embedment, trench safety, plastic/metal piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service. The water improvements will be designed and constructed in accordance with City standards and specifications and

will be owned and operated by the City.

Wastewater Improvements. Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Water Improvements. Improvements including earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm water. The storm water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Natural Gas Improvements. Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The Natural Gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Soft Costs. Costs incurred in the establishment, administration and operation of the District; costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, and contingency; and, costs associated with financing the Authorized Improvements.

District Formation Costs. Costs incurred by the Developer including attorney fees, financial consultant fees, and other fees related to the formation of the District allocable to Improvement Area #1 and the levy of Improvement Area #1 Assessments.

Ownership and Maintenance of Improvements

All Improvement Area #1 Improvements will be designed and constructed in accordance with City standards and will be owned and operated by the City.

The Development Agreement

The Developer entered into a Raburn Reserve Development Agreement, dated effective October 7, 2019, with the City, as amended by the first amendment thereto effective June 15, 2020 (collectively the "Development Agreement"), to establish provisions for the apportionment, levying, and collection of assessments on the property within the District, the construction of the Authorized Improvements, reimbursement, acquisition, ownership and maintenance of certain public improvements within the District, including the Improvement Area #1 Improvements ("the Authorized Improvements"), and the issuance of issuance of bonds secured by District assessments ("PID Bonds") for the financing of the Authorized Improvements benefitting the property within the District.

In the Development Agreement, the Developer has agreed to undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake the design, development and construction of the Authorized Improvements. The Development Agreement provides that the Development will consist of the following elements: (i) Up to 400 single family homes; (ii) 1.5 acre recreational reserve; (iii) swimming pool with dressing rooms, playground and picnic facilities; and (iv) 5% of the Development to be open space.

Under the Development Agreement, the issuance of PID Bonds is subject to the discretion of the City Council of the City and the following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

1. The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed $15,000,000.

2. The maximum "tax rate" for the projected annual assessment for each phase shall be no greater than $0.96 per $100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each Phase and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the lots).

3. Minimum value to lien ratio of at least 3:1 for each series of PID Bonds; such value shall be confirmed by an appraisal.

4. The Developer or its affiliates shall own all property within a phase of the District prior to the levy of assessments for such phase.

5. The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities required for the Development described above.

6. The Developer shall not be in default under the Development Agreement.

Under the Development Agreement, at closing on any series of PID Bonds intended to fund construction of Authorized Improvements that have not already been constructed by the Developer, the Developer is required deposit with the trustee under the applicable indenture of trustee an amount equal to the difference between the costs of the Authorized Improvements and the net proceeds of the applicable series of PID Bonds.

The Development Agreement may be amended or modified in writing signed by the parties thereto. Any such amendment could affect the security for the Bonds.

This caption contains a brief summary of the Development Agreement. Potential purchasers of the Bonds should review the complete copy of the Development Agreement attached to this Limited Offering Memorandum. See "APPENDIX G – Development Agreement."

The Reimbursement Agreement

In addition, the City intends to enter into a Reimbursement Agreement with the Developer (to finance a portion of the costs of the Improvement Area #1 Improvements in an amount not to exceed $1,690,000[*] (the "Improvement Area #1 Reimbursement Obligation") not paid with proceeds of the Bonds. The remaining cost of the Improvement Area #1 Improvements is forecasted to be approximately $1,771,204[*] and will be funded by a Developer contribution. Prior to closing Developer will make a deposit with the Trustee in the amount of $[1,771,204][*] representing the difference between the costs of the Improvement Area #1 Improvements that have not been completed and the amount of bond proceeds in the Improvement Account of the Project Fund, less any amounts the Developer has expended for the construction of the Improvement Area #1 Improvements prior to closing as documented to the City. The Bonds and the Improvement Area #1 Reimbursement Obligation will be secured by the Improvement Area #1 Assessments; however, the payment of debt service on the Bonds will be superior in right to payment of the Improvement Area #1 Reimbursement Obligation. The City, upon the satisfaction of certain financial covenants, intends to issue approximately $1,690,000[*] in principal amount of Additional Improvement Area #1 Bonds pursuant to the Master Indenture and a supplemental indenture to finance the Improvement Area #1 Reimbursement Obligation, as such amount may be reduced by annual payments of Improvement Area #1 Assessment revenues to the Developer pursuant to the Reimbursement Agreement and Service and Assessment Plan. See "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Conditions Precedent to Issuance of Improvement Area #1 Bonds." When issued, the Additional Improvement Area #1 Bonds will be on parity with the Bonds and any Refunding Bonds issued to refund the Bonds or Additional Improvement

[*] Preliminary, subject to change.

Area #1 Bonds. Pursuant to the Service and Assessment Plan, the Reimbursement Agreement, and the Development Agreement, the Developer will be responsible for any costs of the Improvement Area #1 Improvements in excess of the amounts funded by the Bonds, any Additional Improvement Area #1 Bonds (if issued), and the Reimbursement Agreement. See "APPENDIX H – Form of Reimbursement Agreement."

THE DEVELOPMENT

Overview

The Development is an approximately 105-acre master planned project that is currently located within the corporate limits of the City. The Development is located at the east side of South Persimmon Road from Lizzie Lane to Agg Road. Plans for the Development currently include common areas, trails, open space areas and a community pool and playground center.

The Developer expects to complete the Development in approximately three (3) phases with full buildout occurring over an approximately five (5) year period. The entire Development is located within the corporate limits of the City.

In December 2019, Developer acquired the land comprising the District. See "THE DEVELOPER — History and Financing of the District." The Developer was created for the purpose of acting as the developer of the District. See "THE DEVELOPER — History and Financing of the District."

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

The Developer's current expectations regarding estimated home prices in Improvement Area #1 are as follows:

Estimated Home Prices in Improvement Area #1 and Value to Lien Ratios

Lot Size (Typical)	Quantity[(1)]	Base Lot Price[(1)(2)(3)]	Average Base Home Price[(1)(2)]	Assessment per Lot[(4)]	Estimated Ratio of Value of[(4)] Average Lot Price to Assessment	Estimated Ratio of Value of[(4)] Average Base Home Price to Assessment
50' x 125'	133	$62,500	$270,000	$31,429	1.99 : 1	8.59 : 1
Total	**133**	**$62,500**	**$270,000**	**$31,429**	**1.99 : 1**	**8.59 : 1**

(1) Provided by the Developer.

(2) Assumes completion of the Improvement Area #1 Improvements.

(3) Values based on sales prices in the Developer's purchase and sale agreements with Homebuilder for Initial Takedown, as defined below. Thereafter, the Base Lot Price will increase by an amount equal to the amount of simple interest that accrues on the Base Lot Price for the period elapsing between the date of the Initial Takedown and the date on which the purchase of such Lot is closed and funded, at a per annum rate equal to six percent (6%). Additionally, the purchase price for each Lot will be increased by a marketing fee equal to $1,000 per Lot.

(4) Preliminary, *subject to change*.

Status of Lot Purchase and Sale Agreements

The Developer is under contract to sell all of the 362 Lots in the District, including all of the 133 Lots in Improvement Area #1, to Homebuilder, Taylor Morrison. Pursuant to the purchase and sale contracts with the Homebuilder, the Homebuilder has agreed to, upon substantial completion of Improvement Area #1, initially take down 30 Lots. Thereafter, the Homebuilder will be required to take down at least 26 Lots each quarter until all Lots within Improvement Area #1 have been taken down. The Developer has received an earnest money deposit from the Homebuilder totaling $2,825,125. The earnest money is nonrefundable and has been released to the Developer and will be applied to the purchase price of Lots as they are taken down by the Homebuilder. Application of such earnest money to the purchase of the 133 Lots is secured by a second lien on the 133 Lots and a portion of the remaining land in the District (the "Earnest Money").

Future Improvement Areas and Future Improvement Area Bonds

The Developer anticipates developing the Future Improvement Area in two additional phases following the development of Improvement Area #1. The Developer projects the following characteristics and timeline for development of the District, but such projections are subject to change based on a variety of factors, many of which are outside of the control of the Developer:

Expected Buildout of the District [(1)]

Phase	Expected/Actual Lots [(2)]	Expected/Actual Lot Sizes	Expected Infrastructure Completion Date	Expected Final Sale Date of Lots to Builders
1	133	50'	May 2021	August 2022
2	110	50'	August 2022	November 2023
3	119	50'	November 2023	November 2024

(1) Provided by the Developer.

(2) Developer expects that the Homebuilder will designate four (4) Lots for model homes. The Developer currently has approximately five (5) acres of land adjacent to the District under contract to purchase. If purchased, the Developer intends to petition the City to add these five (5) acres to the District and to develop lots thereon as part of Phase 2.

The City expects to issue Future Improvement Area Bonds to finance the Actual Costs of Authorized Improvements within the Future Improvement Areas of the District as the development proceeds. The Future Improvement Area Bonds, if any, will be secured by separate assessments that are separate and distinct from the Improvement Area #1 Assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas of the District that benefit from the Authorized Improvements being financed.

The Bonds and the Future Improvement Area Bonds, if any, are separate and distinct securities. The City has reserved the right to issue other obligations for any purpose permitted by the PID Act, including those described above, subject to the conditions discussed in "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS – Additional Obligations; Other Obligations or Other Liens."

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, including, but not limited to, zoning ordinance No. 2019-13, a planned development ordinance created for the District ("PD 12"). In the Development Agreement, the Developer consented and agreed to the zoning of the District consistent with PD 12.

Amenities

Plans for the Development currently include the following amenities: clubhouse, park, pool, playground, roads lined with trees, and cul-de-sacs. The Developer estimates the cost of such amenities to be approximately $2,250,000, which the Developer expects to finance with equity contributions and private financing. The construction on the amenities is expected to commence in May 2021 and be completed in December 2021. Upon completion, the HOA is expected to own and maintain the amenities.

Schools

The Development is located entirely within Tomball Independent School District. According to its website, Tomball ISD spans 83 square miles in northwest Harris County and southwest Montgomery County, and over 18,000 students in grades pre-kindergarten through 12 across 20 campuses. The district operates two comprehensive high schools, an accelerated high school, six middle schools, 11 elementary schools, a special programs center and an early childcare center. According to the Texas Education Agency annual school report cards, Tomball ISD was rated as "A" for 2018-2019. (The categories for public school districts and public schools are A, B, C, D or F).

Environmental

A Phase I Environmental Site Assessment (the "Phase I ESA") of Improvement Area #1 was completed by InControl Technologies in April 2019. The following Recognized Environmental Conditions were identified in the Phase I ESA: (1) the presence of historical oil/gas activity on the subject property (five (5) historical oil and gas wells on the subject property, which have since been capped), and (2) the subject property is located adjacent to and down-gradient from Compressor Systems Inc., which has groundwater contaminated with VOCs, TPH and heavy metals. However, the Phase I ESA revealed no evidence of Historical Recognized Environmental Conditions in connection with the subject property. Further, the ESA revealed no evidence of Controlled Recognized Environmental Conditions in connection with the subject property. Developer's field inspection, however, reflects there were only four (4) historical oil and gas wells, all of which have been capped.

Based on the results of the Phase I ESA, InControl Technologies recommended that a Limited Phase II Environmental Site Assessment (the "Phase II ESA" and together with the Phase I ESA, the "ESAs") be conducted at the subject property. InControl Technologies developed two (2) levels of assessment based on the likely historical use of each of the features. The Phase II ESA was conducted at the subject property based on a review of historical aerial photographs. The primary chemicals of concern were condensate and petroleum hydrocarbons. Condensate can contain elevated levels of benzene, toluene, ethylbenzene, and xylenes. The crude oil and condensate can

contain petroleum hydrocarbons. Twenty (20) soil samples were analyzed for the target compounds. These compounds were not detected in any of the samples. Therefore, InControl Technologies concluded that there was not a significant release of petroleum hydrocarbons at the suspected source areas. No further action was recommended.

Utilities

Water and Wastewater Service. The City will provide both water and wastewater service to end users within the District. In the Development Agreement, the City, at its sole cost (but subject to the payment of any impact fees as provided in the City's regulations), has agreed to have available water and sewer capacity sufficient to serve the completed Lots and those lots then under development.

Other Utilities. Developer expects additional utilities to be provided by: (1) Electric – CenterPoint Energy; and (2) Natural Gas – the City.

Existing Mineral and Groundwater Rights

Mineral rights within the District are owned by persons other than the Developer. However, the Developer has obtained surface waivers for the entirety of the District. The Developer has the groundwater rights relative to the land within the District. Although there is no exploration or production of oil, gas or other mineral or groundwater rights on the property within the District, exploration and/or production may be possible on adjacent properties. While adjacent properties may have developable mineral and groundwater rights, the City has enacted an ordinance regulating the drilling, production, and operation of oil and gas wells, the exploration associated with such operations, and the transport of hydrocarbons or wastes associated with these operations, within the regulated area of the City. Such ordinance may make it difficult for owners of such rights to develop same. According to the ESAs, there are five (5) capped and abandoned gas wells within the District; however, one (1) of the wells was abandoned and never drilled.

Although the Developer does not expect the above-described mineral rights, or the exercise of such rights or any other mineral rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments, the Developer makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS — Existing Mineral and Groundwater Rights."

THE DEVELOPER

General

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

Description of the Developer

Hines is a privately owned global real estate investment, development and management firm, founded in 1957, with a presence in 205 cities in 24 countries and $133.3 billion of assets under management—$71 billion in

assets for which Hines serves as investment manager, including non-real estate assets, and $62.3 billion for which Hines provides third-party property-level services. Hines has 165 developments currently underway around the world, and historically, has developed, redeveloped, or acquired 1,393 properties, totaling over 459 million square feet. The firm's current property and asset management portfolio includes 539 properties, representing over 232 million square feet. With extensive experience in investments across the risk spectrum and all property types, and a pioneering commitment to sustainability, Hines is one of the largest and most respected real estate organizations in the world.

Hines has developed single-family communities since 2005, beginning with the purchase of over 600 acres in Las Colinas. Since then, 12 communities have been completed with 7 currently underway, totaling over 4,500 single-family lots in the Dallas Area. Four of Hines' Dallas/Fort-Worth developments have used public improvement district financing, including developments in Irving, Las Colinas, and Royse City. Hines has been developing lots in the Houston area since 2014, and currently has 3 active communities in Katy, Spring, and the Heights, representing over 1000 lots and over 10 builders. For additional information, see "BONDHOLDERS' RISKS — Dependence Upon Developer" herein.

History and Financing of the District

The Property Acquisition. The Developer was formed, for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired the real property comprising the District in December 2019 for $6,459,003*. Except for the liens securing the Development Loan (defined below) and a second lien securing the Homebuilder's Earnest Money deposits, the Developer owns the Improvement Area #1 Assessed Property free and clear of any liens.

The Development Financing. The Developer obtained an approximately $13,500,000 construction/development loan (the "Development Loan") from Texas Capital Bank (the "Development Lender") for the purpose, among other things, of paying taxes, insurance and certain of the costs associated with the development of Improvement Area #1 and the Future Improvement Areas. The rate of interest on the Development Loan is equal to the prime interest rate, plus 0.5 basis points (0.50%) and is subject to a floor rate of 6.00%.

The Development Loan matures on December 4, 2022. As of June 30, 2020, the Development Loan had a balance of approximately $3,245,620.

The Developer intends to repay the Development Loan from, among other things, the revenue generated from sales of the Lots developed in the District to the Homebuilder. The Development Loan is secured by a first lien Deed of Trust covering substantially all of the land in the District in favor of the Development Lender. In the event of a default under the Development Loan and/or related documents, the Development Lender will have the right to various remedies, including foreclosure of the Deed of Trust.

The PID Act provides that the Assessment Lien is a first and prior lien against the Improvement Area #1 Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, the Development Lender will acknowledge the creation of the District, the levy of the Improvement Area #1 and the subordination of the liens securing its loan to the Assessment Lien. The Assessment Lien will have priority over the liens on the property within Improvement Area #1 securing the Development Loan, Earnest Money and any other loans that may be obtained by the Developer or its affiliates.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund all of the costs of the Improvement Area #1 Improvements. The Developer's financing sources include the Development Loan, the net proceeds of the Bonds, a Developer equity contribution of approximately $4,435,000, and an earnest money deposit from the Homebuilder of $2,828,125.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. The Total Budgeted Costs to construct the Improvement Area #1 Improvements is approximately $4,867,795. The Developer

* Preliminary, subject to confirmation.

has begun construction of the Improvement Area #1 Improvements in August 2020 and a portion of the costs of such construction is expected to be reimbursed with proceeds of the Bonds.

In order to finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilder, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the Improvement Area #1 Assessments securing the Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Improvement Area #1 Assessments is listed in the following table and more fully described in the subheadings below.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Initial Amount	Outstanding Balance[(1)]
Developer	Developer Equity	Land Purchase	None	Subordinate	$4,435,000	$4,435,000
Taylor Morrison	Earnest Money Deposit	Purchase of Lots	Lien on real property within the District	Subordinate	$2,828,125	$2,825,125
Texas Capital Bank	Development Loan	Land Development	Lien on real property within the District	Subordinate	$13,500,000	$3,245,620

(1) As of June 30, 2020.

THE PID ADMINISTRATOR

The following information has been provided by P3Works, LLC, as the Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

The City has selected P3Works, LLC as the initial Administrator. The City has entered into an agreement for administration of the District with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing special taxing district services relating to the formation and administration of public improvement districts, and is based in Austin, Texas and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for County billing and collection
- Establishing and maintaining a database of all County parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquires
- Determination of prepayment amounts
- Preparation and review of disclosure notices with the dissemination agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT

The Appraisal

Integra Realty Resources (the "Appraiser"), prepared an appraisal report (the "Appraisal") for the City and the Underwriter, dated June 19, 2020, and with an effective date of March 1, 2021(the "Date of Value"), based upon a physical inspection of Improvement Area #1 of the District conducted on June 16, 2020 (the Physical Inspection Date"). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX F — Appraisal of Improvement Area #1."

The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

As of the date of the report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. The Appraiser's valuation is based upon the best information as of the date of the report.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained in the Appraisal may change dramatically, or differently than projected under stable market conditions. Therefore, the Appraiser recommends a more frequent review of the valuation and advises the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak."

Value Estimates. The City requested that the Appraiser prepare an appraisal report of the market value of the property in Improvement Area #1 of the District. The Appraiser estimated the "prospective market value" of fee simple interest in the 133 residential Lots within Improvement Area #1 of the District as of March 1, 2021 upon completion of the Improvement Area #1 Improvements. See "THE IMPROVEMENTS." The Appraisal does not reflect the as-is condition of Improvement Area #1 of the District, as the Improvement Area #1 Improvements have not yet been constructed. See "APPENDIX F — Appraisal of Improvement Area #1."

The market value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of March 1, 2021, is $7,490,000. In making its estimate, the Appraiser concluded a per Lot value of $62,500 per 50' x 125' Lot. See "APPENDIX F — Appraisal of Improvement Area #1."

None of the City, the Developer, the Financial Advisor nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer, the Financial Advisor and the Underwriter make no representation as to the reasonableness of such assumptions.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's internal forecasts of net operating income for the properties in Improvement Area #1 is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in Improvement Area #1.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. The Appraiser has consented to the use of the Appraisal in this Limited Offering Memorandum in connection with the issuance of the Bonds. No other use or user of the Appraisal is permitted by any other party for any other purpose.

BONDHOLDERS' RISKS

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

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

General

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Improvement Area #1 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions that may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Developer is unable to pay the Improvement Area #1 Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be

realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

Infectious Disease Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on March 19, 2020 of Executive Order GA-08 which, among other things, imposed limitations on social gatherings of more than 10 people; discouraged eating or drinking at bars, restaurants, and food courts, or visiting gyms or massage parlors; and limited visits to nursing homes and long-term care facilities. On April 15, 2020, the Governor issued Executive Order GA-14 which provided that the following was considered an "Essential Service" and therefore allowed to take place during the COVID-19 pandemic: "Workers performing housing and commercial construction related activities."

Beginning in mid-April 2020, the Governor issued several executive orders to implement the State's ongoing plan to safely and strategically open the State in phases while minimizing the spread of COVID-19. However, due to an increase in the number of people testing positive for COVID-19 and the number of associated hospitalizations in the State, the most recent executive orders reverse earlier orders that provide for the phased reopening of businesses in the State, subject to future restrictions in the Governor's discretion. Executive Order GA-28, which was issued on June 26, 2020 and amended on July 2, 2020, and remains in effect until modified, amended, rescinded or suspended by the Governor, reintroduced limitations on social gatherings of more than 10 people and occupancy restrictions on businesses, including restaurants, to 50% and mandated the immediate closure of other businesses including bars, and commercial rafting or tubing services. Certain businesses, including hair salons, barber shops, and nail salons may continue to operate at greater than 50% capacity provided the workstations allow for social distancing. The order does not apply to outdoor venues including professional or collegiate sporting events, swimming pools, water parks, zoos etc. The order also does not apply to childcare services, religious worship, and recreational sports programs. On July 2, 2020 the Governor issued Executive Order GA-29 requiring all Texans to wear a face covering over the nose and mouth in public spaces in counties with 20 or more positive COVID-19 cases, with few exceptions. The Governor also issued a proclamation giving mayors and county judges the ability to impose restrictions on some outdoor gatherings of over 10 people, and making it mandatory that, with certain exceptions, people cannot be in groups larger than 10 and must maintain six feet of social distancing from others.

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

Such adverse economic conditions, if they continue, may reduce or negatively affect economic conditions in the City and lead to unemployment for property owners within the District or may otherwise have a negative impact on the sale of parcels, lots or homes within the District. The Bonds are secured by Assessments levied on benefitted property within the District. If lot or home sales are negatively impacted by the Pandemic, the Developer will continue to be responsible for the payment of the Improvement Area #1 Assessments.

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

Failure or Inability to Complete Proposed Development

Proposed development within the District (including the foregoing) may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "Availability of Utilities" and "Hazardous Substances" below. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the Development must come from the City.) There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE IMPROVEMENT AREA #1 ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE IMPROVEMENT AREA #1 ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

Completion of the Improvement Area #1 Improvements

The construction of some of the Improvement Area #1 Improvements that are necessary for the successful development of Improvement Area #1 of the Development are not yet complete. The Developer has, however, begun construction of the Improvement Area #1 Improvements, including basic grading and construction of utilities. The cost and time for completion of all of such improvements is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages;

inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer or its affiliates. If cost overruns result in delay of construction, or if other delays are experienced, the Developer may be unable to complete timely all of such necessary improvements.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the lots being assessed, could impair the economic viability of the Development and could reduce the ability or desire of property owners to pay the Improvement Area #1 Assessments.

The Developer is not a homebuilder and will not be involved in the construction of homes within the District. Consequently, aside from the Developer's completion of the Improvement Area #1 Improvements, the Developer will not be able to affect or control the absorption rate of homes within the District.

Assessment Limitations

Annual Installments of the Improvement Area #1 Assessments are billed to property owners in Improvement Area #1 of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, Annual Collection Costs, the Additional Interest and amounts due pursuant to the Reimbursement Agreement. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Improvement Area #1 Assessment payments in the future.

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

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1 of the District, any Improvement Area #1 Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Improvement Area #1 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #1 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #1 Assessments would then be an unsecured personal liability of the original property owner.

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

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

homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer represents that it owns all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Bond Reserve Account and Delinquency and Prepayment Reserve Account, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Improvement Area #1 Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE IMPROVEMENT AREA #1 ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT.

Risks Related to the Current Real Estate Market

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market difficult. These downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of lot and home sales within the District.

Competition

The housing industry in the Houston MSA area is very competitive, and none of the Developer, the City, the City's Financial Advisor or the Underwriter can give any assurance that the building programs that are planned will ever commence. The competitive position of the Developer in the sale of developed lots or of any homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

Competitive projects in the area include, but are not limited to:[(1)]

Project Name	Number of Units	Units Remaining	Proximity	Developer	Date Started	Prices
Copper Cove	52	52	1 Miles	K. Hovnanian	1st Quarter 2019	From $200 $300s
Hampton Creek	1100	686	~5 miles	D.R. Horton	2nd Quarter 2014	From $200s
Hayden Lakes	121	55	~2 miles	Beazer	4th Quarter 2016	From $200-$300s

(1) Provided by the Developer. All of such projects are located either in a public improvement district or municipal utility district.

Loss of Tax Exemption

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

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

Bankruptcy

The payment of Improvement Area #1 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Improvement Area #1 Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Improvement Area #1 Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent Improvement Area #1 Assessments might not be paid in full.

PACE Lien Priority

Pursuant to Chapter 399, Texas Local Government Code, as amended, (the "Property Assess Clean Energy "Act" or "PACE") commercial property owners in Texas may obtain long-term financing for water conservation, energy-efficiency, and renewable energy projects. The financing is repaid through an assessment levied by a city or county. This assessment is a first and prior lien against the property and has the same lien priority as ad valorem taxes, from the time the lien is recorded in the County real property records. As such, to the extent that a property subject to both an Improvement Area #1 Assessment and also a PACE assessment is foreclosed on for nonpayment of taxes or assessments, the proceeds from the foreclosure sale of the property, would be used first to pay and any delinquent ad valorem taxes and the PACE lien. Developer is not intending to avail itself of any program available.

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within the District to pay the Improvement Area #1 Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Improvement Area #1 Assessments. See "OVERLAPPING TAXES AND DEBT."

Depletion of Reserve Fund

Failure of the owners of property within the District to pay the Improvement Area #1 Assessments when due could result in the rapid, total depletion of the accounts in the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Fund, the amount in the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described

under "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS — Bond Reserve Account of the Reserve Fund" herein.

Hazardous Substances

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

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

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

See "THE DEVELOPMENT — Environmental" for discussion of the ESAs performed on property within the District.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. To date, no legislation has been introduced to act on such recommendations; however, it is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Regulation

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

Future and Proposed Legislation

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

100-Year Flood Plain and Severe Weather Events

According to the Federal Emergency Management Agency's flood map 48201C0230L, effective on June 18, 2007, none of the District is located within the 100-year flood plain.

The District is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" event) since 2015. Several of these storms, including Hurricane Harvey and Tropical Storm Imelda, resulted in widespread damages to residential and commercial properties in the greater Houston area.

Exercise of Mineral Rights

As described herein under "THE DEVELOPMENT – Existing Mineral Rights," there are certain mineral rights reservations located within the District and not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Harris County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments. However, none of the City, the Financial Advisor or the Underwriter, provide any assurances as to such Developer expectations.

Bondholders' Remedies and Bankruptcy

Upon the happening and continuance of any of the Events of Default described in the Indenture, the Trustee may, and at the written direction of the Owners of at least twenty-five percent (25%) of the Bonds then outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*"), the Texas Supreme Court addressed whether the distinction, as found in tort-based causes of action, between governmental and proprietary acts (the "Proprietary-Governmental Dichotomy") applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within the District available to pay debt

service on the Bonds may be limited by the existence of other tax liens on the property. (See "OVERLAPPING TAXES AND DEBT" herein.) Collection of delinquent taxes, assessments and the Improvement Area #1 Assessments may be adversely affected by the effects of market conditions on the foreclose sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

The Indenture expressly denies the right of acceleration in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 ("Chapter 9"). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under Texas law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

Management and Ownership

The management and ownership of the Developer and related or affiliated property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

General Risks of Real Estate Investment and Development

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

contract's conditions allows the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back.

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

Availability of Utilities

The progress of development within the District is also dependent upon the City providing an adequate water and wastewater service to the Development. If the City fails to provide water and wastewater services to the property in the District, the Development cannot be substantially completed and the builders will not purchase lots to construct homes. See "THE DEVELOPMENT — Utilities."

Dependence Upon Developer

Initial Liability for Improvement Area #1 Assessments. The Developer, as the sole owner of assessable property within Improvement Area #1, has the obligation for the payment of all of the Improvement Area #1 Assessments. The Developer is under contract to sell all of the Lots within Improvement Area #1 to the Homebuilder, but until the Developer closes on the sale of the Lots to Homebuilder or other third-parties, the ability of the Developer to make full and timely payment of the Improvement Area #1 Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The assets of the Developer are generally limited to land within the District, the proceeds from the sale of prior Lots within the District, related permits and development rights and the Development Loan.

The City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for the Actual Costs of developing and constructing the Improvement Area #1 Improvements within the District. See "THE IMPROVEMENTS — General" and "— Improvement Area #1 Improvements." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds from Future Improvement Area Bonds, if issued by the City as anticipated, and proceeds from Lot sales, as well as the Development Loan (and other possible bank financings) and equity contributions by the Developer and its equity holders and affiliates. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Improvement Area #1 Assessments if necessary, or as to whether the Developer will advance such funds.

Defaults of Affiliates of Hines

During the period from 2009 through and including 2016, affiliates of Hines have failed to make payments due on loans related to six (6) U.S. office properties. These properties were transferred to the lender via a negotiated transfer by non-judicial foreclosure.

Chapter 11 Bankruptcy of a Hines-Affiliated General Contractor

In February 2018, Urban Oaks Builders ("UOB"), a Hines-affiliated general contractor, along with other Hines-affiliated entities ("Hines Affiliates") were sued by affiliates of Southstar Capital Group ("Southstar"), the purchaser of a multifamily project developed by Hines in Celebration, Florida, alleging the existence of certain construction defects and the concealment of those defects prior to the sale of the project (the "Southstar Litigation"). UOB and the Hines Affiliates have contended that none of the UOB nor the Hines Affiliates, or any persons employed by those entities, had any knowledge of the alleged defects. Consequently, UOB and the Hines Affiliates

are vigorously defending themselves against these claims. The Southstar Litigation, as it relates to UOB, was consolidated with UOB's Chapter 11 bankruptcy proceedings and a related coverage action filed by UOB against its insurance carriers, both of which were a result of the Southstar Litigation. While the bankruptcy court found no evidence of fraud on the part of UOB, it ruled that Southstar's claim for damages for repairs relating to the alleged construction defects was valued at $26.1 million plus interest. UOB has demanded that its insurance carriers pay this amount, a covered loss which is well within policy limits. The carriers have yet to respond officially and a recent mediation was unsuccessful in settling the case with the insurance carriers. Southstar has agreed to abate the Southstar Litigation, as it relates to UOB, until the conclusion of the insurance coverage litigation, expected to occur in 2021, or a prior settlement by the carriers. Southstar continues to maintain the Southstar Litigation in Florida state court against the Hines Affiliates primarily relating to its spurious allegation (disproven once already in the UOB proceeding) that these entities were aware of the defects of the project but concealed them prior to the sale. The Hines Affiliates have filed a motion to dismiss the remaining claims in Florida; and, given the facts of the case, feel confident in the likelihood of the motion's success. While the Developer, UOB and the Hines Affiliates are under common control of Hines, UOB and the Hines Affiliates do not own property in the District and are not associated with the development or with the Bonds. The Developer does not expect the Southstar Litigation to have any material adverse effect on the ability of the Developer to develop and sell the lots in the District.

Agricultural Use Valuation and Redemption Rights

None of the property in the District is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a twenty-five percent (25%) premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although the Improvement Area #1 Assessments are not considered a tax under Texas law, the PID Act provides that the lien for Improvement Area #1 Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Improvement Area #1 Assessments, though there is no indication in Texas law that such redemption rights would be available in such a case.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City , the City's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if the foregoing representations are determined to be inaccurate or incomplete, interest

on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined

according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS — Tax Exemption," "— Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

Bracewell LLP serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special, limited obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special, limited obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the form of the opinion of Bond Counsel is attached hereto as "APPENDIX D —Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds" (except for the last paragraph thereof), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE IMPROVEMENT AREA #1 BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings," "— Legal Opinions," "CONTINUING DISCLOSURE — The City (except for the subcaption The City's Compliance with Prior Undertakings)," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Improvement Area #1 Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Trust Estate, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation — The Developer

At the time of delivery and payment for the Bonds, Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of Developer, threatened against or affecting Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Developer or its officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Reimbursement Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a "Material Adverse Effect"). Hines and its affiliates have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. According to the Developer, such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See "BONDHOLDERS' RISKS". The Bonds are not, at this time, rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See "BONDHOLDERS' RISKS — Remedies and Bankruptcy." Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City, the Administrator and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the "Dissemination Agent") have entered into a Continuing Disclosure Agreement (the "Disclosure Agreement of the Issuer") for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Issuer, certain financial information and operating data relating to the City (collectively, the "City Reports"). The specific nature of the information to be contained in the City Reports is set forth in "APPENDIX E-1 — Form of Disclosure Agreement of the Issuer." Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

The City's Compliance with Prior Undertakings

In the last five years, the City has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the City in accordance with Rule 15c2-12.

The Developer

The Developer, the Administrator, and the Dissemination Agent., will, in connection with the issuance of the Bonds, enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of the Developer") for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Developer, certain information regarding Improvement Area #1 and the Improvement Area #1 Improvements (collectively, the "Developer Reports"). The specific nature of the information to be contained in the Developer Reports is set forth in "APPENDIX E-2 — Form of Disclosure Agreement of the Developer." Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of the Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of the Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Developer or from any statement made pursuant to the Disclosure Agreement of the Developer.

The Developer's Compliance with Prior Undertakings

The Developer has not previously entered into any continuing disclosure agreements in accordance with the Rule; however, affiliates of Developer have entered into continuing disclosure agreements. In certain instances, during the last five years, the affiliates failed to timely file quarterly reports and certain quarterly reports were substantively deficient. The affiliates of the Developer have implemented additional policies and procedures and are working closely with the administrator of such public improvement districts and respective dissemination agents to implement such policies and procedures to ensure that in the future they fully comply with their continuing disclosure undertakings.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of $_____ (representing the par amount of the Bonds, less an underwriting discount of $_____, which includes Underwriter's Counsel's fee) and no accrued interest. The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. Subject to certain restrictions contained in the Bond Purchase Agreement, the Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak" herein.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act (the "PFIA") requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "NO RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

INVESTMENTS

The City invests its funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments

Under State law, the City is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA") which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade

securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Additional Provisions

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said order or resolution, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Improvement Area #1 Bonds, the technical or financial feasibility of the project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at www.bnymellon.com. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City or the Developer described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates

and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Improvements generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Development Plan" and "— Status of Builder Contracts," "THE IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Authorized Improvements and the Development), "LEGAL MATTERS — Litigation — The Developer," and "CONTINUING DISCLOSURE — The Developer" and " – The Developer's Compliance with Prior Undertakings" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

The information regarding the Appraisal in this Limited Offering Memorandum, which is subject to the assumptions, hypothetical conditions and qualifications set forth therein, has been provided by the Appraiser, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the City's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS,

PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The Bond Ordinance will approve of the form and content of this Preliminary Limited Offering Memorandum and will authorize this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. According to the United States Census Bureau, the City covers approximately 12.32 square miles. The City's 2010 population was 10,753.

The City is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated on July 18, 1933 and first adopted its Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintaining streets and drainage, municipal court, a community center, and parks.

Historical Employment in Harris County

The following information has been provided for informational purposes only.

Historical Employment in Harris County (Average Annual)

Harris County

	2020[(1)]	2019	2018	2017	2016
Civilian Labor Force	2,296,811	2,369,313	2,304,397	2,268,057	2,251,321
Total Employed	2,072,143	2,283,355	2,203,924	2,153,104	2,131,500
Total Unemployed	224,668	85,958	100,473	114,953	119,821
Unemployment Rate	9.8	3.6%	4.4%	5.1%	5.3%

(1) Figures for July 2020. The COVID-19 Pandemic has negatively affected travel, commerce, employment rates and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak."

Source: Texas Labor Market Information

Major Employers in the City

The major employers in the City are set forth in the table below.

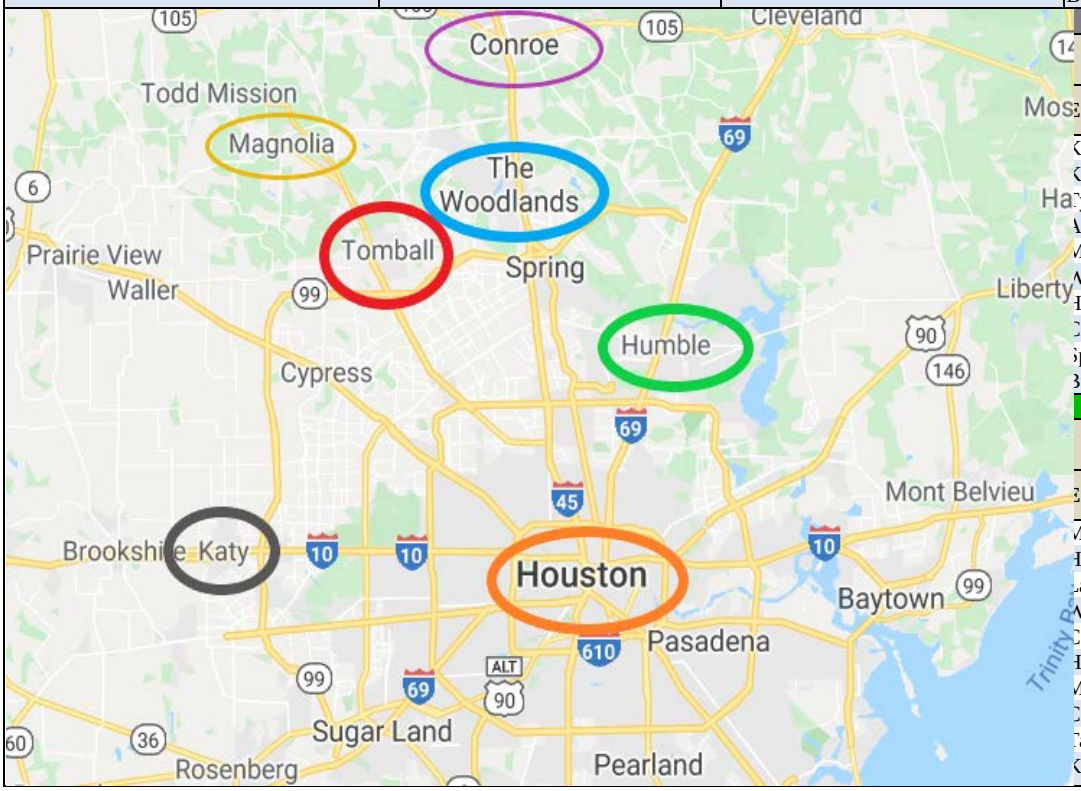
Employer	Employees
Hewlett Packard	10,000
Tomball ISD	1,478
Tomball Regional Medical Center	1,300
Lone Star College - Tomball	1,056
Baker Hughes (BJ Services)	680
Wal-Mart	357
HEB	218
City of Tomball	193
Lowes	159
Kindred Hospital	160
Kroger	147
Target	110
Total	**15,858**

Source: The City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019.

REGIONAL EMPLOYMENT

The major employers of municipalities surrounding the City are set forth in the table below.

City of Magnolia, TX		City of Conroe, TX		City of Houston, TX		Township of the Woodlands	
Approximately 12 Miles from the City		Approximately 28 Miles from the City		Approximately 32 Miles from the City		Approximately 18 Miles from the City	
Employer	**Employees**	**Employer**	**Employees**	**Employer**	**Employees**	**Employer**	**Employees**
Magnolia ISD	1,600	Conroe ISD	7,310	Wal-Mart	37,000	Conroe ISD	4,118
Canrig Drilling Technology Inc.	380	Montgomery County	2,211	Memorial Hermann Healthcare System	24,108	Anadarko Petroleum Crop.	3,666
US Post Office	62	Conroe Regional Medical Center	1,300	H-E-B	23,732	Memorial Hermann The Woodlands Hospital	2,518
Magnolia Volunteer Fire Department	61	NOV Downhole	647	University of TX MD Anderson Cancer Center	21,086	Alight Solutions	1,850
Arlan's Market	45	City of Conroe	578	McDonald's Corporation	20,918	ExxonMobil	1,834
Montgomery County Precinct 2	42	Community Pathology Associates	424	Houston Methodist	20,000	CHI St. Luke's Hospital	1,650
Hapeco Inc.	30	NOV Wellbore Technologies	400	Kroger Company	16,000	Houston Methodist, The Woodlands Hospital	1,210
Hyvair Corporation	30	Medivators Inc.	390	United Airlines	14,941	Lone Star College-Montgomery	1,120
City of Magnolia	28	NOV Fluid Control	375	Schlumberger Limited	12,069	Texas Children's Hospital, The Woodlands	999
Rancho Grande Restaurant	26	Professional Directions	316	Shell Oil Company	11,507	Woodforest National Bank	962



City of Katy, TX	
Approximately 20 Miles from the City	
Employer	**Employees**
Katy Mills	3,200
Katy ISD	1,934
Typhoon Texas	1,120
Amazon	1,100
Moore Control	496
Wal-Mart.	334
HEB Grocery/Gas.	282
City of Katy	246
Spanish Meadows	230
Buc-ee's.	201

City of Humble, TX	
Approximately 27 Miles from the City	
Employer	**Employees**
Memorial Hermann	1,000
Humble ISD	593
Lawler Food	402
Wal-Mart	370
CDI Sales	331
Harris County Annex	272
Macy's	265
City of Humble	194
Target	150
Kroger	130

Sources: Municipal Advisory Council of Texas (employment data).
Note: Map is not to scale and has been edited for ease of use.

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX B

FORM OF INDENTURE

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

MASTER INDENTURE OF TRUST

By and Between

CITY OF TOMBALL, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

DATED AS OF September 1, 2020

SECURING

CITY OF TOMBALL, TEXAS

IMPROVEMENT AREA #1 BONDS

(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT)

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS, FINDINGS AND INTERPRETATION 5
Section 1.1. Definitions.....5
Section 1.2. Findings.....12
Section 1.3. Table of Contents, Titles and Headings.....12
Section 1.4. Interpretation.....13

ARTICLE 2 AUTHORIZATION.....13
Section 2.1. Authorization of Improvement Area #1 Bonds.....13
Section 2.2. Conditions Precedent to Issuance of Improvement Area #1 Bonds.....13
Section 2.3. Other Encumbrances Prohibited.....14

ARTICLE 3 PURPOSES, PLEDGE AND SECURITY.....14
Section 3.1. Purposes of Master Indenture, Contract with Owners.....14
Section 3.2. Confirmation of Assessments.....14
Section 3.3. Collection and Enforcement of Assessments.....15
Section 3.4. Against Encumbrances.....15
Section 3.5. Pledge and Security; Assignment to Trustee.....15
Section 3.6. Security Agreement.....16
Section 3.7. Security for the Bonds.....17
Section 3.8. Limited Obligations.....17
Section 3.9. Authorization for Master Indenture.....18
Section 3.10. Contract with Owners and Trustee.....18

ARTICLE 4 TERMS, PROVISIONS AND AUTHENTICATION OF IMPROVEMENT AREA #1 BONDS.....18
Section 4.1. Form and Denominations.....18
Section 4.2. Title, Legends.....18
Section 4.3. Medium of Payment.....18
Section 4.4. Improvement Area #1 Bonds Terms.....19
Section 4.5. Appointment of Initial Paying Agent/Registrar.....19
Section 4.6. Owner of the Improvement Area #1 Bonds.....20
Section 4.7. Execution and Authentication of Improvement Area #1 Bonds.....20
Section 4.8. Improvement Area #1 Bonds in Certificated or Book-Entry-Only Form.....20

ARTICLE 5 FUNDS AND ACCOUNTS.....20
Section 5.1. Establishment of Funds and Accounts.....20
Section 5.2. Bond Fund.....24
Section 5.3. Project Fund.....24
Section 5.4. Redemption Fund.....26
Section 5.5. Bond Reserve Account.....27
Section 5.6. Delinquency and Prepayment Reserve Account.....28

Section 5.7. Rebate Fund 29
Section 5.8. Administrative Fund 30
Section 5.9. Improvement Area #1 Reimbursement Fund 30

Section 5.10. Investment of Funds 30
Section 5.11. Investment Income 31
Section 5.12. Security of Funds 32

ARTICLE 6 LIABILITY OF CITY 32
Section 6.1. Liability of City 32

ARTICLE 7 THE TRUSTEE 33
Section 7.1. Trustee as Registrar and Paying Agent 33
Section 7.2. Trustee Entitled to Indemnity 33
Section 7.3. Responsibilities of the Trustee 34
Section 7.4. Property Held in Trust 38
Section 7.5. Trustee Protected in Relying on Certain Documents 38
Section 7.6. Compensation 38
Section 7.7. Permitted Acts 39
Section 7.8. Resignation of Trustee 39
Section 7.9. Removal of Trustee 39
Section 7.10. Successor Trustee 40
Section 7.11. Transfer of Rights and Property to Successor Trustee 41
Section 7.12. Merger, Conversion or Consolidation of Trustee 41
Section 7.13. Trustee to File Continuation Statements 41
Section 7.14. Accounts, Periodic Reports and Certificates 41
Section 7.15. Construction of Master Indenture 42

ARTICLE 8 MODIFICATION OR AMENDMENT OF THIS INDENTURE 42
Section 8.1. Amendments Permitted 42
Section 8.2. Owners' Meetings 43
Section 8.3. Procedure for Amendment with Written Consent of Owners 43
Section 8.4. Effect of Supplemental Indenture 44
Section 8.5. Endorsement or Replacement of Improvement Area #1 Bonds Issued After Amendments 44
Section 8.6. Amendatory Endorsement of Improvement Area #1 Bonds 44
Section 8.7. Execution of Supplemental Indenture 45

ARTICLE 9 DEFAULT AND REMEDIES 45
Section 9.1. Events of Default 45
Section 9.2. Immediate Remedies for Default 45
Section 9.3. Restriction on Owner's Action 46
Section 9.4. Application of Revenues and Other Moneys After Default 47
Section 9.5. Effect of Waiver 48
Section 9.6. Waiver of Default 48
Section 9.7. No Acceleration 48
Section 9.8. Mailing of Notice 48

Section 9.9. Exclusion of Improvement Area #1 Bonds 48

ARTICLE 10 GENERAL COVENANTS AND REPRESENTATIONS 49
Section 10.1. Records and Accounts 49
Section 10.2. Representations as to Pledged Revenues 49
Section 10.3. General 50
Section 10.4. Federal Tax Matters 50
Improvement Area #1 Bonds may be issued as taxable or tax-exempt obligations pursuant to a Supplemental Indenture 50

ARTICLE 11 SPECIAL COVENANTS 50
Section 11.1. Further Assurances; Due Performance 50
Section 11.2. Additional Obligations; Other Obligations or Other Liens 50
Section 11.3. Books of Record 51

ARTICLE 12 PAYMENT AND CANCELLATION OF THE IMPROVEMENT AREA #1 BONDS AND SATISFACTION OF THE INDENTURE 51
Section 12.1. Trust Irrevocable 51
Section 12.2. Satisfaction of Master Indenture 51
Section 12.3. Improvement Area #1 Bonds Deemed Paid 52

ARTICLE 13 MISCELLANEOUS 53
Section 13.1. Benefits of Master Indenture Limited to Parties 53
Section 13.2. Successor is Deemed Included in All References to Predecessor 53
Section 13.3. Execution of Documents and Proof of Ownership by Owners 53
Section 13.4. Waiver of Personal Liability 53
Section 13.5. Notices to and Demands on City and Trustee 54
Section 13.6. Partial Invalidity 55
Section 13.7. Applicable Laws 56
Section 13.8. Payment on Business Day 56
Section 13.9. Counterparts 56
Section 13.10. Anti-boycott Verification 56
Section 13.11. Iran, Sudan and Foreign Terrorist Organizations 56
Section 13.12. Form 1295 Exemption 57

INDENTURE OF TRUST

This Master Indenture of Trust, dated as of September 1, 2020 is by and between the City of Tomball, Texas (the “City”), and The Bank of New York Mellon Trust Company, N.A., a national banking association, 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 1.

WHEREAS, on July 26, 2019, Raburn Commercial Resources, LLC a Texas limited liability company (the "Petitioner"), the owner of approximately 103.7 acres within the corporate limits of the City, submitted and filed with the City Secretary of the City a petition (the "*Petition*") requesting the establishment of a PID to be known as the Reserve at Raburn Public Improvement District (the "District" or “PID”); and

WHEREAS, on July 26, 2019, the City Council of the City (the "*City Council*") received the Petition which was signed by the owners of more than 50% of the appraised value of the taxable real property liable for assessment and the record owners of more than 50% of the area of all taxable real property within the District that is liable for assessment, and as such, the Petition complies with the Act; and

WHEREAS, on August 5, 2019, the City Council accepted the Petition and called a public hearing for September 3, 2019, on the creation of the District and the advisability of the improvements; and

WHEREAS, notice of the hearing was published in a newspaper of general circulation in the City in which the District is to be located on August 14, 2019; and,

WHEREAS, on August 16, 2019, notice to the owners of property within the proposed District was sent by first-class mail to the owners of 100% of the property subject to assessment under the proposed District containing the information required by the Act such that such owners had actual knowledge of the public hearing to be held on September 3, 2019; and

WHEREAS, the City Council opened and conducted such public hearing on the advisability of the improvements and the creation of the District, and closed such hearing on September 3, 2019; and

WHEREAS, the City Council approved the creation of the PID by Resolution No. 201941 approved on October 7, 2019, (the "Original Creation Resolution") and published the Original Creation Resolution as authorized by the Act; and

WHEREAS, subsequent to the City’s approval of the Original Creation Resolution, the City abandoned approximately two (2) acres of right-of-way that the Petitioner requested be added to the boundaries of the PID (the “Additional Land”); and

WHEREAS, on October 7, 2019 the City approved Resolution No. 201942 calling a public hearing on the addition of the Additional Land to the boundaries of the PID; and

WHEREAS, on October 9, 2019, notice of public hearing regarding the addition of the Additional Land to the PID was mailed to the owners of the Property within the PID and notice of the public hearing was published in a newspaper of general circulation, in the PID on October 23, 2019; and

WHEREAS, the City Council opened and conducted such public hearing on the addition of the Additional land to the PID and closed such hearing on November 4, 2019; and

WHEREAS, on November 4, 2019 the City Council held a public hearing on the additional of the Additional Land to the PID; and

WHEREAS, on November 4, 2019 the City Council approved Resolution No. _____ amending and restating the Original Creation Resolution (the "Amended Creation Resolution") to add the Additional Land to the boundaries of the PID; and

WHEREAS, the boundaries of the PID were modified to include the property described by metes and bounds in Exhibit A (the "Property"), attached hereto and incorporated herein for all purposes; and

WHEREAS, the City re-published the Amended Creation Resolution in a newspaper of general circulation in the City and the PID; and

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

WHEREAS, on August 3, 2020 the City Council, pursuant to Section 372.016 of the PID Act, adopted Resolution No. _____ accepting a preliminary service and assessment plan (the "Service and Assessment Plan") and assessment roll (the "Assessment Roll") of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City and within the City; and

WHEREAS, on August 12, 2020, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing (the "Assessment Hearing") a newspaper of general circulation in the City, to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of the Assessments on property in the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Assessment Roll and the Service and Assessment Plan and the levy of Assessments (as defined herein) on property within Improvement Area #1 (as defined herein) of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the Assessment Hearing on September 8, 2020 and at such public hearing all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of Improvement Costs, the purposes

of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Improvement Area #1 Improvement Costs (as defined herein), the Assessment Roll, and the levy of the Assessments; and

WHEREAS, on September 8, 2020 the City Council closed the Assessment Hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein approved the Assessment Roll and levied the Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying or reimbursing a portion of the costs of the Authorized Improvements, (ii) paying capitalized interest on revenue bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying costs of issuance; and

WHEREAS, the City intends to issue bonds for the purposes described above pursuant to a supplemental indenture executed and delivered pursuant to the provisions of this Master Indenture; and

WHEREAS, after the issuance of Improvement Area #1 Bonds pursuant to a Supplemental Indenture, the City intends to issue one or more series of additional Improvement Area #1 Bonds pursuant to additional Supplemental Indentures; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Master 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 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 and Accounts 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;

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 benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Master 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 Master Indenture;

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and the rights of the Trustee and the Owners under this Master 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;

PROVIDED, FURTHER, 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 Master Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Master Indenture is to be and remain in full force and effect;

IN ADDITION, the Bonds are special and limited obligations of the City payable solely from the Pledged Revenues, as and to the extent provided in this Master 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 Master Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Pledged Revenues. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Pledged Revenues.

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 1

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Master Indenture, the following terms shall have the meanings specified below:

"Account" means any of the accounts established pursuant to Section 5.1 of this Master Indenture.

"Actual Costs" shall have the meaning assigned to it in the Service and Assessment Plan.

"Additional Interest" means the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

"Additional Interest Revenues" means the revenues generated from the collection of the Additional Interest.

"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 Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

"Administrative Fund" means that Fund established by Section 5.1 and administered pursuant to Section 5.10 hereof.

"Administrator" means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of bonds, and the construction, operation, and maintenance of the Authorized Improvements, 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 Assessments and Annual Installments, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of bonds, the administration of the Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with the issuance of bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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 Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Improvement Area #1 Bonds in such Bond Year, assuming that the Outstanding Improvement Area #1 Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Improvement Area #1 Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Installment" means, collectively, with respect to each Assessed Property, each annual payment of (i) the Assessments as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit__ to the Service and Assessment Plan and related to the Improvement Area #1 Bonds and the Improvement Area #1 Improvements, including (i) principal; (ii) interest (iii) Annual Collection Costs and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Section 6.8 herein.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

"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 all property within Improvement Area #1 of the District and shown in the Assessment Roll against which an Assessment relating to the Improvement Area #1 Improvements is levied in accordance with the Service and Assessment Plan.

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

"Assessment Hearing" has the meaning set forth in the recitals.

"Assessment Ordinance" means Ordinance No. _____ adopted by the City Council on _____, 2020, that levied the Assessments on the Assessed Property.

"Assessment Roll" means the Improvement Area #1 Assessment Roll attached in Appendix __ to the Service and Assessment Plan as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of Improvement Area #1 Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

"Authorized Improvements" means the improvements authorized by the PID Act which (1) will benefit all property assessed within the District, as set forth in the Service and

Assessment Plan, (2) are defined as "Authorized Improvements" in the Service and Assessment Plan, and (3) are more particularly described in Section III of the Service and Assessment Plan.

"Authorized Officer" means (i) the City Manager of the City, (ii) an Assistant City Manager of the City designated by the City Manager of the City for such purpose, or (iii) the Director of Finance of the City.

"Bond Counsel" means Bracewell 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 Fund" means the Fund established pursuant to Section 5.1 and administered as provided in Section 5.2.

Bond Ordinance" means Ordinance No. _____ adopted by the City Council on _____, 2020 authorizing the Master Indenture and the First Supplemental Indenture.

"Bond Reserve Account" means the Account within the Reserve Fund established pursuant to Section 5.1 and administered as provided in Section 5.5.

"Bond Reserve Account Requirement" means the least of: (i) Maximum Annual Debt Service on the Improvement Area #1 Bonds as of the date of issuance of each series of Improvement Area #1 Bonds, (ii) 125% of average Annual Debt Service on the Improvement Area #1 Bonds as of the date of issuance, or (iii) 10% of the stated principal amount of the Improvement Area #1 Bonds as of the date of issuance; provided, however that subsequent to the date of issuance of each series of Improvement Area #1 Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 5.6(c), (b) a mandatory sinking fund redemption pursuant to the terms of a Supplemental Indenture, (c) an optional redemption pursuant to the terms of a Supplemental Indenture or (d) an extraordinary optional redemption pursuant to the terms of a Supplemental Indenture. The amount of the Bond Reserve Account Requirement for each series of Improvement Area #1 Bonds shall be set forth in the Bond Reserve Account. .

"Bond Year" or "Fiscal Year" means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

"Business Day" means any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee, or any national holiday observed by the Trustee.

"Capitalized Interest Account" means the Account within the Bond Fund established pursuant to Section 5.1.

"Certificate for Payment" means a certificate substantially in the form attached to a Supplemental Indenture approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Improvement Area #1

Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 5.3 herein.

"City Certificate" means a certificate or written instructions signed by the City Representative and delivered to the Trustee.

"City Representative" means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or designees are the authorized City Representatives.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Closing Disbursement Request" means a certificate substantially in the form of Exhibit C attached to a Supplemental Indenture, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 5.3 herein.

"Code" means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

"Costs of Issuance Account" means the Account within the Project Fund established pursuant to Section 5.1.

"Defeasance Securities" means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

"Delinquency and Prepayment Reserve Account" means the reserve account established in accordance with Section 5.1 and administered as provided in Section 5.6.

"Delinquency and Prepayment Reserve Requirement" means an amount equal to 5.5% of the principal amount of the Outstanding Improvement Area #1 Bonds which may be funded from Bond proceeds and revenues received from the payment of Assessments, deposited to the Pledged Revenue Fund.

"Delinquent Collection Costs" means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Assessment, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

"Delinquent Penalties and Interest" means any delinquent interest and delinquent penalty interest collected on a delinquent Assessment.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named in this Master Indenture, the transfer/payment office located in Dallas, 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 HT Raburn Reserve Development L.P., a Texas limited partnership, and its respective successors and assigns.

"Development Agreement" means the Raburn Reserve Development Agreement, as amended, between the City and the Developer relating to the Bonds, effective as of October 7, 2019, as amended, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of Authorized Improvements and other matters related thereto.

"Developer Improvement Account" means the Account of such name established pursuant to Section 5.1.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" shall mean 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.

"Foreclosure Proceeds" means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Assessments against any Assessed Property, 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 5.1 of this Master Indenture.

"Improvement Account" means the Account within the Project Fund established pursuant to Section 5.1.

"Improvement Area #1" means the property to be developed within the District identified as "Improvement Area #1" and depicted in the Service and Assessment Plan.

"Improvement Area #1 Bonds" means all parity bonds or obligations issued by the City pursuant to this Master Indenture payable from and secured in whole or in part by the Assessments, including any bonds issued to refund Improvement Area #1 Bonds, issued under the pursuant to this Master Indenture and a Supplemental Indenture.

"Improvement Area #1 Costs" means the Improvement Costs relating to Improvement Area #1.

"Improvement Area #1 Improvements" means the Authorized Improvements within Improvement Area #1 being financed by the issuance of Improvement Area #1 Bonds.

"Improvements Costs" means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), of the Authorized Improvements.

"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, but who may be regularly retained to make reports to the City.

"Initial Bond" means the Initial Bond as set forth in a Supplemental Indenture.

"Investment Securities" means those authorized investments described in the City's official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

"Master Indenture" means this Master 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.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Improvement Area #1 Bond Year after the calculation is made through the final maturity date of any Outstanding Improvement Area #1 Bonds.

"Outstanding" means, as of any particular date when used with reference to Improvement Area #1 Bonds, all Improvement Area #1 Bonds authenticated and delivered under this Master 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 Improvement Area #1 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 4, and (iii) any Improvement Area #1 Bond in lieu of or in substitution for which a new Improvement Area #1 Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

"Owner" 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 3.11 herein.

"Paying Agent/Registrar" means initially the Trustee, or any successor thereto as provided in this Master 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.

"Petitioner" means HT Raburn Reserve Development, L.P., a Texas limited partnership.

"PID Act" means Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

"Pledged Funds and Accounts" means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

"Pledged Revenue Fund" means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.2hereof.

"Pledged Revenues" means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Improvement Area #1 Bonds.

"Prepayment" means the payment of all or a portion of an Assessment before the due date thereof.

"Principal and Interest Account" means the Account within the Bond Fund established pursuant to Section 5.1.

"Project Fund" means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.3 herein.

"Purchaser" means the initial purchaser of the Bonds.

"Rebate Fund" means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.7 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 in Section 5.1 and administered pursuant to Section 5.4 of this Master Indenture.

"Redemption Price" means, when used with respect to any Improvement Area #1 Bonds or portion thereof, the principal amount of such Improvement Area #1 Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Improvement Area #1 Bonds to the date fixed for redemption payable upon redemption thereof pursuant to a Supplemental Indenture.

"Register" means the register specified in Article 3 of this Master Indenture.

"Regulations" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Reimbursement Agreement" means that agreement between the City and the Developer dated September 21, 2020 relating to the reimbursement of Improvement Area #1 Costs from Assessments.

"Reserve Account" means that account established pursuant to Section 5.1 and administered in Section 5.5 herein.

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

"Sinking Fund Installment" means the amount of money to redeem or pay at maturity the principal of Bonds payable from such installments at the times and in the amounts provided in a Supplemental Indenture.

"Stated Maturity" means the date the Improvement Area #1 Bonds, or any portion of the Improvement Area #1 Bonds, as applicable 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 Master Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

"Tax Certificate" means the Federal Tax Certificate delivered by the City on the Closing Date for the Improvement Area #1 Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Improvement Area #1 Bonds.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

"Trust Estate" means the Trust Estate described in the granting clauses of this Master Indenture.

Section 1.2. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Master 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 Master 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 Master 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 individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or 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 Master Indenture unless the context shall require otherwise.

(d) This Master 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 Master Indenture.

ARTICLE 2

AUTHORIZATION

Section 2.1. Authorization of Improvement Area #1 Bonds. (a) There are hereby authorized to be issued and secured hereunder from time to time, pursuant to one or more Supplemental Indentures, in one more or more series or subseries, Improvement Area #1 Bonds for the purpose of (i) paying a portion of the Improvement Area #1 Costs, (ii) paying capitalized interest on the Improvement Area #1 Bonds as set forth in a Supplemental Indenture, (iii) funding the Bond Reserve Account of the Reserve Fund, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds. The Improvement Area #1 Bonds shall be issued for the purposes above or for such other purposes described in the Supplemental Indentures pursuant to which Improvement Area #1 Bonds are issued. No Improvement Area #1 Bonds shall be issued under this Master Indenture unless they are part of an issue described in a Supplemental Indenture and until the conditions contained in Section 2.2 have been satisfied.

(b) The terms and provisions of each series of Improvement Area #1 Bonds shall be set forth in a Supplemental Indenture authorizing the issuance of such series of Improvement Area #1 Bonds. Improvement Area #1 Bonds issued hereunder may be payable from and secured by a first and senior lien on the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate, as prescribed in the Supplemental Indenture authorizing the issuance thereof.

Section 2.2. Conditions Precedent to Issuance of Improvement Area #1 Bonds.

(a) Each series of Improvement Area #1 Bonds shall be issued and delivered only upon delivery to the Trustee of the following:

(i) Certified copy of a Supplemental Indenture authorizing the issuance thereof and specifying the terms and provisions of such Improvement Area #1 Bonds as required by this Master Indenture;

(ii) Certificate of the City stating that (i) all conditions precedent to the issuance of the Improvement Area #1 Bonds specified in this Master Indenture and in any Supplemental Indenture have been satisfied, and (ii) the City is not in default in any covenant, representation, warranty or provisions of this Master Indenture or of any Supplemental Indenture unless such default will be cured by the issuance of the proposed Improvement Area #1 Bonds; and

(iii) A City Certificates executed by an Authorized Officer of the City directing the application of the proceeds of the Improvement Area #1 Bonds.

(b) No Improvement Area #1 Bonds shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Improvement Area #1 Assessments to the value of the Improvement Area #1 Assessed Property for each series of Improvement Area #1 Bonds equals at least 3:1, as determined by the City.

Section 2.3. Other Encumbrances Prohibited. Except for the pledge of the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate to the payment of the Improvement Area #1 Bonds, the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate shall not be pledged or encumbered to or for the payment of any other obligation or liability of the City.

ARTICLE 3

PURPOSES, PLEDGE AND SECURITY

Section 3.1. Purposes of Master Indenture, Contract with Owners. (a) The purposes of this Master Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the issuance, execution and delivery of, the Improvement Area #1 Bonds and to prescribe the general rights of the Owners, the City and the Trustee in relation thereto.

(b) In consideration of the purchase and acceptance of any or all of the Improvement Area #1 Bonds by those who shall purchase and hold the same from time to time, the provisions of this Master 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.

Section 3.2. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Assessments against the respective Assessed Property from which the Pledged Revenues will be collected and received.

Section 3.3. Collection and Enforcement of Assessments.

(a) For so long as any Improvement Area #1 Bonds are Outstanding and amounts are due the Developer to reimburse it for its funds it has contributed to pay costs of the Improvement Area #1 Improvements, 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 April 1 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.

Section 3.4. Against Encumbrances.

(a) Other than Improvement Area #1 Bonds issued pursuant to the term of this Master Indenture, 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 Trust Estate, or upon any other property pledged under this Master Indenture, except the pledge created for the security of the Improvement Area #1 Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

(b) So long as Improvement Area #1 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #1 Bonds authorized as set forth herein, and bonds issued to refund all or a portion of the Improvement Area #1 Bonds, secured by any pledge of or other lien or charge on the Trust Estate pledged under this Master Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds.

Section 3.5. Pledge and Security; Assignment to Trustee. (a) The City hereby irrevocably pledges to the payment of Improvement Area #1 Bonds, (i) the Pledged Revenues in the Trust Estate and (ii) the Pledged Funds and Accounts in the Trust Estate, such pledge being specifically made to (A) the payment of Annual Debt Service on all Improvement Area #1 Bonds, which are or may be Outstanding from time to time, and (B) the establishment and maintenance of any other special trust funds or accounts which are ordered to be created by a Supplemental Indenture, at the times and for the periods and purposes provided in a Supplemental Indenture or in this Master Indenture.

(b) The provisions, covenants, pledge and lien on and against the Pledged Revenues and Pledged Funds and Accounts on the basis, and in the manner as herein set forth, are established and shall be for the equal benefit, protection and security of the Owners of

Improvement Area #1 Bonds, but solely as their rights and interests may appear according to the lien thereon, and to the Persons to whom Annual Collection Costs are owed, due and payable, without distinction as to priority and rights under this Master Indenture.

(c) The Improvement Area #1 Bonds, including interest payable thereon, and all Annual Collection Costs shall constitute limited and special obligations of the City, payable solely from, and secured solely by a pledge of and lien on, the Pledged Revenues and Pledged Funds and Accounts and not from any other revenues, properties or income of the City. It is provided, however, that the City, in a Supplemental Indenture, may set aside revenues or money of the City that do not constitute Pledged Revenues additional security for and in favor of less than all of the Improvement Area #1 Bonds that are Outstanding from time to time under this Master Indenture. Improvement Area #1 Bonds and Annual Collection Costs shall not constitute debts or obligations of the State or of the City, except to the extent provided in this Master Indenture or a Supplemental Indenture, and the Owners and Persons to whom Annual Collection Costs are owed shall never have the right to demand payment out of any funds raised or to be raised by any system of ad valorem taxation.

(d) For the purpose of further supporting the pledge and lien herein created, the City hereby GRANTS, CONVEYS, PLEDGES, TRANSFERS, SETS OVER and ASSIGNS to the Trustee all of the Pledged Revenues and Pledged Funds and Accounts, in trust for the benefit of the Owners as their rights and interests may appear. It is provided, however, that the Pledged Revenues and Pledged Funds and Accounts shall be received, deposited, held, used and applied strictly in accordance with and subject to the terms and provisions of this Master Indenture and all Supplemental Indentures.

(e) The City hereby irrevocably appoints the Trustee as its lawful agent and attorney-in-fact, for the purpose of performing those duties which consist of receiving the Pledged Revenues. The power of attorney herein conferred and the agency herein created is granted for valuable consideration and is irrevocable for so long as all or any part of the Improvement Area #1 Bonds remain Outstanding or Annual Collection Costs remain unpaid. In addition, it is intended that the power of attorney herein conferred be coupled with an interest, and in furtherance thereof the City and the Trustee confirm their specific, present and co-existing interest in the Pledged Revenues and Pledged Funds and Accounts.

Section 3.6. Security Agreement. (a) This Master Indenture, certified and delivered to and accepted by the Trustee, is and shall continuously be and constitute a security agreement establishing a first lien and security interest in the Pledged Revenues and Pledged Funds and Accounts pursuant to Applicable Law, with the Trustee as the secured party. The grants, assignments, lien, pledge and security interest of the Trustee created herein on and against the Pledged Revenues and Pledged Funds and Accounts, shall become effective immediately upon and from the time of payment for and delivery of each series of Improvement Area #1 Bonds and the same shall be continuously effective for so long as any Improvement Area #1 Bonds are Outstanding or Annual Collection Costs are unpaid.

(b) Such grants, assignments, lien, pledge and security interest shall be fully effective as to Pledged Revenues and Pledged Funds and Accounts on hand, and all Pledged Revenues

shall be subject thereto on and as of the day or date on which they are owed to or collected by any party for the account of the City.

(c) The City shall keep a full and complete copy of this Master Indenture, of each Supplemental Indenture, and their authorizing proceedings at all times among the permanent records of the City. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the City, at all times during regular business hours.

(d) The provisions required by subsections (a), (b) and (c) of this Section are included, provided, required and made herein pursuant to the requirements of, and with the effect stated in, Chapters 1201 and 1208, Texas Government Code, as amended. Should any other Applicable Law, in the opinion of counsel to the City, ever require filings additional to the filing required by subsection (c) of this Section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest created herein as to all Improvement Area #1 Bonds, then the City shall diligently and regularly make such filings to the extent required by law to accomplish such result.

Section 3.7. Security for the Bonds.

The Improvement Area #1 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 Pledged Revenues shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Pledged Revenues, the filing of this Master Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Improvement Area #1 Bonds and the pledge of the Pledged Revenues granted by the City under this Master Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Improvement Area #1 Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Master 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 3.8. Limited Obligations.

The Improvement Area #1 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 Accounts; and the Improvement Area #1 Bonds and any other obligations incurred by the City under the terms of this Master Indenture or a Supplemental Indenture 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 3.9. Authorization for Master Indenture.

The terms and provisions of this Master Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by the Bond Ordinance. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Master Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Master Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Improvement Area #1 Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 3.10. Contract with Owners and Trustee.

(a) The purposes of this Master 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 Master 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 4

TERMS, PROVISIONS AND AUTHENTICATION OF IMPROVEMENT AREA #1 BONDS

Section 4.1. Form and Denominations. Subject to the provisions of any Supplemental Indenture, Improvement Area #1 Bonds may be issued and executed in any form and manner permitted by Applicable Law and this Master Indenture. The form of the Improvement Area #1 Bonds shall be substantially in the form set forth in or provided for in a Supplemental Indenture.

Section 4.2. Title, Legends. Each Improvement Area #1 Bond shall be entitled as specified in a Supplemental Indenture and may, in addition, contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Master Indenture or any Supplemental Indenture as may be necessary or desirable to comply with Applicable Law or custom or otherwise as may be determined by the City Council prior to the delivery thereof. All Improvement Area #1 Bonds of a series or subseries shall bear such further designation or designations, added to or incorporated in their title, as may be necessary to distinguish them from the Improvement Area #1 Bonds of every other series or subseries. Improvement Area #1 Bonds shall be lettered or otherwise differentiated so as to distinguish each series or subseries.

Section 4.3. Medium of Payment. The Annual Debt Service on the Improvement Area #1 Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts.

Section 4.4. Improvement Area #1 Bonds Terms. Subject to the provisions hereof, Improvement Area #1 Bonds shall be dated, shall mature and be payable on such dates and in such years and amounts, shall bear interest at the rate or rates and in the manner, shall be subject to redemption on such terms and conditions as shall be specified in the Supplemental Indenture authorizing their issuance.

Section 4.5. Appointment of Initial Paying Agent/Registrar. (a) The Trustee is hereby appointed as the initial Paying Agent/Registrar for the Improvement Area #1 Bonds. The City may appoint a different Paying Agent/Registrar with respect to one or more series of Improvement Area #1 Bonds. At all times while any Improvement Area #1 Bonds are Outstanding, the City will maintain a Paying Agent/Registrar with respect to each series of Improvement Area #1 Bonds that is qualified under this Master Indenture. If the Trustee is not the Paying Agent/Registrar with respect to a series of Improvement Area #1 Bonds, the City Manager is hereby authorized and directed to execute a Paying Agent/Registrar Agreement with each Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

(b) Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas or the United States, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Improvement Area #1 Bonds.

(c) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Improvement Area #1 Bonds.

(d) The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Improvement Area #1 Bonds.

(e) Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(f) By accepting the appointment as Paying Agent/Registrar, and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Master Indenture and the Supplemental Indentures pursuant to which the Improvement Area #1 Bonds are issued and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

(g) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other

pertinent books and records relating to the Improvement Area #1 Bonds to the successor Paying Agent/Registrar.

Section 4.6. Owner of the Improvement Area #1 Bonds. The City and each Paying Agent/Registrar may deem and treat the person in whose name any Improvement Area #1 Bonds shall be registered as the absolute owner of such Improvement Area #1 Bond, whether such Improvement Area #1 Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal, Maturity Amount (if applicable) and Redemption Price, if any, of, and interest on, such Improvement Area #1 Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such obligation to the extent of the sum or sums so paid, and neither the City, nor any Paying Agent/Registrar shall be affected by a notice to the contrary.

Section 4.7. Execution and Authentication of Improvement Area #1 Bonds. (a) Each Improvement Area #1 Bond shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City and the City's official seal shall be affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Secretary of the City.

(b) In case any officer who shall have executed any of the Improvement Area #1 Bonds shall cease to be such officer before the Improvement Area #1 Bonds so signed or attested shall have been authenticated and delivered, such Improvement Area #1 Bonds may nevertheless be authenticated and delivered as if the person who so signed or attested such Improvement Area #1 Bonds had not ceased to be such officer. Any Improvement Area #1 Bond may be signed or attested on behalf of the City by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Improvement Area #1 Bond such person may not have held such office.

(c) Improvement Area #1 Bonds shall be authenticated in the manner specified in the Supplemental Indenture authorizing the issuance thereof.

Section 4.8. Improvement Area #1 Bonds in Certificated or Book-Entry-Only Form. The Improvement Area #1 Bonds shall be issued in fully registered form, and may be issued in Book-Entry-Only form or certificated form, as specified in the Supplemental Indenture authorizing the issuance thereof.

ARTICLE 5

FUNDS AND ACCOUNTS

Section 5.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Master Indenture:

(1) Pledged Revenue Fund;

(2) Bond Fund;

(3) Project Fund;

(4) Reserve Fund;

(5) Redemption Fund;

(6) Rebate Fund;

(7) Improvement Area #1 Reimbursement Fund; and

(8) Administrative Fund

(b) Creation of Accounts.

(1) The following Accounts are hereby created and established within the Bond Fund:

(A) Capitalized Interest Account; and

(B) Principal and Interest Account

(2) The following Accounts are hereby created and established within the Project Fund:

(A) Improvement Account

(B) Developer Improvement Account; and

(C) Costs of Issuance Account.

(3) The following Accounts are hereby created and established within the Reserve Fund:

(A) Bond Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Developer Improvement Account of the Project Fund shall constitute a separate trust fund that is not pledged to the Bonds and shall be held in trust by the Trustee solely for the benefit of the City. The Pledged Funds and Accounts 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 Improvement Area #1 Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Master Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified in Section 5.12.

Section 5.2. Pledged Revenue Fund.

(a) On or before February 1 provided that Pledged Revenues have been received by the City, or if not, then as soon available, of each year while the Improvement Area #1 Bonds are Outstanding, beginning February 1, 2021, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section 5.8 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 5.2(d) the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, unless otherwise directed by a Supplemental Indenture, to be retained in the Pledged Revenue Fund amounts sufficient to pay Annual Debt Service on the Improvement Area #1 Bonds coming due in the current Bond Year, as described in Section 5.3(b);

(2) second, unless otherwise directed by a Supplemental Indenture, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 5.6.

(3) third, unless otherwise directed by a Supplemental Indenture, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement;

(4) fourth, to the Improvement Area #1 Reimbursement Fund in amounts and for the time period set forth in the Service and Assessment Plan and for the annual reimbursement of Improvement Area #1 Costs pursuant to the Reimbursement Agreement as set forth in the Service and Assessment Plan; and

(5) fifth, unless otherwise directed by a Supplemental Indenture, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (i) through (iv) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Improvement Area #1 Bonds as provided in Article 4. The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 5.3(d) as Additional Interest, Prepayments or Foreclosure Proceeds.

(b) From time to time as needed to pay the obligations relating to the Improvement Area #1 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, 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 to be deposited pursuant to Section 5.3(d) hereof, 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 Improvement Area #1 Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 5.7 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 Improvement Area #1 Bonds.

(d) Notwithstanding Section 5.1(e) above:

(1) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 5.2(a) and as otherwise directed by Section 5.7 hereof; and

(2) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund;

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds (i) first to restore any transfers from the Bond Reserve Account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Bond Reserve Account Requirement) and (ii) second, to restore any transfers from the Delinquency and Prepayment Reserve Account made with respect to the Assessed Property to which the Foreclosure Proceeds relate, (up to the Delinquency and Prepayment Reserve Requirement), and (iii) third, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Bond Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(e) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Improvement Area #1 Bonds, (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including the payment of any amount owed pursuant to the Reimbursement Agreement, as set forth in a Supplemental Indenture.

(f) Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund up to the Delinquency and Prepayment Reserve Requirement until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(g) Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 5.3. Bond Fund.

(a) No later than 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 Improvement Area #1 Bonds.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds. Not later than five (5) Business Days before each date identified above, the Trustee shall withdraw funds from the Capitalized Interest Account and transfer to the Principal and Interest Account the amount set forth in a Supplemental Indenture.

(d) Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the applicable Supplemental Indenture shall be transferred, at the direction of the City, to the Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Improvement Area #1 Bonds and the Capitalized Interest Account shall be closed.

Section 5.4. Project Fund.

(a) Money on deposit in the Improvement Account, Developer Improvement Account and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in Section 2.1 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Improvement Area #1 Bonds pursuant to one or more City Certificates or pursuant to a closing memo prepared by the City's financial advisor at closing of each series of Improvement Area #1 Bonds. Moneys disbursed to the Developer at closing to pay for the costs of creating the District shall be paid pursuant to a Closing

Disbursement Request. Any funds in the Costs of Issuance Account not needed to pay costs of issuance shall be transferred to the Principal and Interest Account of the Bond Fund.

(c) Except as otherwise provided herein, money on deposit in the Developer Improvement Account and the Improvement Account of the Project Fund, shall be used solely to pay the costs of the Improvement Area #1 Improvements. Upon receipt of a reviewed and approved Certificate for Payment, the Trustee shall make payment for the costs set forth therein, from the following accounts in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in Section 5.4(d) and Section 5.4(i), money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in Section 5.4(e) and Section 5.4(f), money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Account shall be transferred to the Redemption Fund to redeem Improvement Area #1 Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Master Indenture and the Improvement Account shall be closed.

(e) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to Section 5.4(h).

(f) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all costs thereof have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account pursuant to Section 5.4(h), and (ii) shall close the Developer Improvement Account.

(g) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(h) Any amounts in the Developer Improvement Account to be transferred and released pursuant to Section 5.4(e) or Section 5.4(f) shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City. The City and the Trustee shall solely and conclusively rely as to payment of amounts released from the Developer Improvement Account, on any such written notice from the Developer as to its successors and assigns or designees. The City shall provide written notice of the release to the Trustee and Developer, or to the Developer's successors and assigns, and the amount payable to the Developer, or its successors and assigns.

(i) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Improvements Costs have been paid, or that any such costs are not required to be paid from the Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee, and shall close the Improvement Account of the Project Fund.

(j) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. If such City Certificate is so filed, the amounts on deposit in the Costs of Issuance Account shall be transferred to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #1 Bonds, as directed by the City.

Notwithstanding the above, no more than ten (10%) of Improvement Area #1 Bond proceeds may be disbursed from the Improvement Account of the Project Fund until Developer has certified to the City that a Home Owners Association ("HOA") has been created and covenants, conditions and restrictions regarding such HOA have been properly recorded in the property records of Harris County; provided, however, notwithstanding the foregoing, the Trustee shall be under no duty or obligation to ascertain whether the City has properly executed a Certificate for Payment or to analyze or verify whether any documentation supporting the payments or reimbursements have been properly approved by the City, but shall be entitled to rely on the Certificate of Payment executed by the City as authorization for the payment of the amount set forth in such Certificate for Payment.

Section 5.5. Redemption Fund.

(a) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to redemption provisions as provided a Supplemental Indenture.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds received by the Trustee, an amount sufficient to redeem Improvement Area #1 Bonds as provided in a Supplemental Indenture. If after such transfer,

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 Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

(c) The Trustee shall, to the extent sufficient funds are available from the Pledged Revenues received by the Trustee and not otherwise disbursed in accordance with the provisions of this Master Indenture, cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 5.5, an amount sufficient to redeem Improvement Area #1 Bonds as provided in a Supplemental Indenture at the direction of the City.

Section 5.6. Bond Reserve Account.

(a) The City agrees with the Owners of the Improvement Area #1 Bonds to accumulate, and when accumulated, maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b) Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Expense Fund (in compliance with Section 5.12(d) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Expense Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds).

(d) At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #1 Bonds.

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer

from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 5.2, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

(f) At the final maturity of the Improvement Area #1 Bonds, the amount on deposit in the Bond Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Improvement Area #1 Bonds.

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Improvement Area #1 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement Area #1 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #1 Bonds as of such Interest Payment Date.

(h) Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account 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 Improvement Area #1 Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Bond Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Bond Reserve Account prior to redemption, and (ii) the Bond Reserve Account Requirement after such redemption; provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Improvement Area #1 Bonds, 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 Improvement Area #1 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #1 Bonds.

Section 5.7. Delinquency and Prepayment Reserve Account.

(a) In addition to the initial deposit to the Delinquency and Prepayment Reserve Account of the Reserve Fund as set forth in a Supplemental Indenture, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 5.1 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee

in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 5.12(d) herein), or (iii) to the Redemption Fund to be used to redeem Improvement Area #1 Bonds as set forth in a Supplemental Indenture. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Expense Fund will be presumed to have been transferred, first, from sources other than Improvement Area #1 Bond Proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #1 Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Improvement Area #1 Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall, to the extent sufficient funds are available in the Delinquency and Prepayment Reserve Account, transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Improvement Area #1 Bonds.

Section 5.8. Rebate Fund.

(a) Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Improvement Area #1 Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code, Tax Certificate and Section 5.11 hereof. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder as long as the Trustee's actions are pursuant to the City's written direction.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and the provisions of a supplemental indenture relating to tax-exempt covenants 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 or in a Supplemental Indenture in the absence of written instructions from the City.

(d) If, on the date of each calculation of a rebate made pursuant to the provisions of a supplemental indenture, the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City

Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 5.9. Administrative Fund.

(a) 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. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

(b) 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, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Improvement Area #1 Bonds.

(c) In accordance with Section 7.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 5.10. Improvement Area #1 Reimbursement Fund.

Money on deposit in the Improvement Area #1 Reimbursement Fund shall be used to reimburse the Developer for Improvement Area #1 Costs as set forth in the Service and Assessment Plan and the Reimbursement Agreement.

Section 5.11. Investment of Funds.

(a) Money in any Fund established pursuant to this Master Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in this Master Indenture. 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 to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested. Any obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Master Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts.

(b) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if approved by the City in writing. 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, and may conclusively rely on the City's written instructions of the directed investments.

(c) 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 Master Indenture.

(d) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement will be provided if no activity occurred during such month, so long as the Trustee is providing such online access.

(e) The Trustee may conclusively rely on City Certificates pursuant to Section 5.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 5.12. Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account of the Bond Fund.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account of the Bond Fund.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account of the Reserve Fund shall be credited to such Accounts.

(d) The cumulative amount of any Improvement Area #1 Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Expense Fund

pursuant to the provisions of this Master Indenture and subsequently used for the payment of operating costs directly relating to the Improvement Area #1 Improvements will not exceed 5% of sale proceeds of the series of Improvement Area #1 Bonds to which such proceeds relate.

Section 5.13. 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 Master Indenture.

ARTICLE 6

LIABILITY OF CITY

Section 6.1. Liability of City.

(a) The City shall not incur any responsibility in respect of the Improvement Area #1 Bonds or this Master Indenture other than in connection with the duties or obligations explicitly herein or in the Improvement Area #1 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 Improvement Area #1 Bonds, or as to the existence of a default or event of default thereunder.

(b) 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 Master 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.

(c) No provision of this Master Indenture, the Improvement Area #1 Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Improvement Area #1 Bonds (collectively, the "Bond Documents"), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

(d) 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 Pledged Revenues. 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 Improvement Area #1 Bonds by mandamus or other proceeding at law or in equity.

(e) 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.

(f) Whenever in the administration of its duties under this Master 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 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 Master 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.

(g) 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 7

THE TRUSTEE

Section 7.1. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and with respect to the Improvement Area #1 Bonds.

Section 7.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Master 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 pursuant to a written instrument by the Owners of the Improvement Area #1 Bonds 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. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as 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 and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Improvement Area #1 Bonds Outstanding hereunder.

Section 7.3. Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Master Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Master Indenture, and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Master Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice pursuant to subparagraph (k) below), the Trustee shall, subject to the rights and limitations of liabilities contained herein, exercise those rights and powers vested in it by this Master Indenture and shall subject to the rights and limitations of liabilities contained herein, use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) 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 controlling Owners 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 Master Indenture;

(4) no provision of this Master Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(5) this subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties provided in Section 8.5 or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Master Indenture.

Whether or not therein expressly so provided, every provision of this Master Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 8.

(d) The recitals contained in this Master Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Master Indenture or the Improvement Area #1 Bonds or with respect to the security afforded by this Master Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Master Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Improvement Area #1 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 Master Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Master Indenture.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Master Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Master Indenture.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Master 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 Master Indenture for the existence, furnishing or use of the Improvement Area #1 Improvements.

(g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), and (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder.

(h) Except for its certificate of authentication on the Improvement Area #1 Bonds, the Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Master Indenture or any Supplemental Indenture,

(2) any instrument or document of further assurance or collateral assignment,

(3) the filing of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Improvements or collection of insurance money,

(5) the validity of the execution by the City of this Master Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(6) the sufficiency of the security for the Improvement Area #1 Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Improvement Area #1 Bonds authenticated or delivered hereunder.

(j) The Trustee shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, including a request by the City from an Authorized Officer or a City Certificate or by the Owners of more than 50% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds, so long as authorized pursuant to this indenture. Any action taken by the Trustee pursuant to this Master Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Improvement Area #1 Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Improvement Area #1 Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 9.1(1) only to the extent that no Pledged Revenues have been deposited by the City to the Pledged Revenue Fund, and Section 10.1(3), 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 more than 50% of the aggregate outstanding principal amount of Improvement

Area #1 Bonds referring to this Master Indenture, describing such Event of Default and stating that such notice is a "notice of default." 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.

(l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Master Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Master 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 for trustee and paying agent/registrar services shall survive the Trustee's resignation or removal, the discharge of this Master Indenture, and final payment of the Improvement Area #1 Bonds.

(p) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(q) 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 Improvement Area #1 Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Improvement Area #1 Bonds.

(r) The permissive right of the Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Trustee shall not be answerable to any Owners or any other Person or entity arising from failure to exercise any such permissive right.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #1 Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other Person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or

contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #1 Improvements or any real property or improvements related thereto 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.

Section 7.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Master Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Master Indenture.

Section 7.5. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond opinion, or other document provided to the Trustee in accordance with the terms of this Master 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 Master Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Master Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into 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.

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 Master 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 Master Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 7.13 herein.

Section 7.6. Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, 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, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Improvement Area #1 Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Master 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 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 lawfully available funds under the Master Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Master Indenture and shall be entitled to a preference therefor over any Improvement Area #1 Bonds Outstanding hereunder.

Section 7.7. 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 Improvement Area #1 Bonds and may join in any action that any Owner of Improvement Area #1 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 holders of Improvement Area #1 Bonds or to effect or aid in any reorganization growing out of the enforcement of the Improvement Area #1 Bonds or this Master Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Improvement Area #1 Bonds.

Section 7.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (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 earlier of the appointment of a successor as provided in Section 7.9 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 7.9 hereof and the acceptance of such appointment by such successor.

Section 7.9. Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Improvement Area #1 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, or (ii) so long as the City is not in default under this Master Indenture, 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 Master

Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Improvement Area #1 Bonds.

Section 7.10. 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 within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #1 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 the Improvement Area #1 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 Improvement Area #1 Bonds within thirty (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 requisite Owners of Improvement Area #1 Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 7.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Improvement Area #1 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 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 Master Indenture.

Each successor trustee shall mail, in accordance with the provisions of the Improvement Area #1 Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of

such appointment, is providing a rating on the Improvement Area #1 Bonds, and each of the Owners of the Improvement Area #1 Bonds.

Section 7.11. Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 7.10 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 (without representation or warranty, express implied or statutory) 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, upon the receipt of payment of any outstanding charges, 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 7.12. 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 7.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 7.13. Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Master Indenture in the time, place and manner required by the UCC. The Trustee shall only be responsible for making such filings upon direction from the City.

Section 7.14. 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 Master 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 aggregate outstanding principal amount of any Improvement Area #1 Bonds then Outstanding or their representatives duly authorized in writing.

Section 7.15. Construction of Master Indenture.

The Trustee may construe any of the provisions of this Master 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 Improvement Area #1 Bonds.

ARTICLE 8

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 8.1. Amendments Permitted.

(a) This Master Indenture and the rights and obligations of the City and of the Owners of the Improvement Area #1 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 Improvement Area #1 Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the 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, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Improvement Area #1 Bonds (except as otherwise permitted by Applicable Laws or this Master Indenture), or reduce the percentage of Improvement Area #1 Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior written consent.

This Master 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:

(1) to add to the covenants and agreements of the City in this Master 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;

(2) to make modifications not adversely affecting any Outstanding Improvement Area #1 Bonds in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Master Indenture, or in regard to questions arising under this Master Indenture, as the City and

the Trustee may deem necessary or desirable and not inconsistent with this Master Indenture, and that shall not adversely affect the rights of the Owners of the Improvement Area #1 Bonds; and

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Improvement Area #1 Bonds.

(5) the Mayor and City Manager, in consultation with Bond Counsel, are authorized to make changes to the terms of this Master Indenture if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

(b) Notwithstanding, the issuance of Improvement Area #1 Bonds pursuant to a Supplemental Indenture in accordance with this Master Indenture is not an amendment of this Indenture requiring the approval of the Owners of Improvement Area #1 Bonds.

Section 8.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Improvement Area #1 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 8.3. 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 Improvement Area #1 Bonds or of this Master Indenture, to the extent that such amendment is permitted by Section 8.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail to each Owner of Improvement Area #1 Bonds from whom consent is required under this Master 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 Master 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 Improvement Area #1 Bonds for which such consent is given, which proof shall be such as is permitted by Section 8.6 herein. Any such consent shall be binding upon the Owner of the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 8.3 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 Improvement Area #1 Bonds at the expiration of ninety (90) 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 ninety-day period.

Section 8.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 8, this Master Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Master Indenture of the City, the Trustee and all Owners of Improvement Area #1 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 Master Indenture for any and all purposes.

Section 8.5. Endorsement or Replacement of Improvement Area #1 Bonds Issued After Amendments.

The City may determine that Improvement Area #1 Bonds issued and delivered after the effective date of any action taken as provided in this Article 8 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 Payment/Transfer Office of the Trustee, a suitable notation shall be made on such Bond. The City may determine that new Improvement Area #1 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 Improvement Area #1 Bonds then Outstanding, such new Improvement Area #1 Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Improvement Area #1 Bonds then Outstanding, upon surrender of such Improvement Area #1 Bonds.

Section 8.6. Amendatory Endorsement of Improvement Area #1 Bonds.

The provisions of this Article 8 shall not prevent any Owner from accepting any amendment as to the particular Improvement Area #1 Bonds held by such Owner, provided that due notation thereof is made on such Improvement Area #1 Bonds.

Section 8.7. 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 Master Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of 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 Master Indenture and any Applicable Laws. 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 Master Indenture or otherwise.

ARTICLE 9

DEFAULT AND REMEDIES

Section 9.1. Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

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

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

(3) The failure to make payment of the principal of or interest on any of the Improvement Area #1 Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and

(4) Default in the performance or observance of any covenant, agreement or obligation of the City under this Master 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 at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Improvement Area #1 Bonds at the time Outstanding requesting that the failure be remedied.

Section 9.2. Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 9.1, the Owners of at least 25% of the aggregate outstanding principal of the Improvement Area #1 Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Master Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained

herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) THE PRINCIPAL OF THE IMPROVEMENT AREA #1 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 Improvement Area #1 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #1 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.

(d) Whenever moneys are to be applied pursuant to this Article 9, irrespective of and whether other remedies authorized under this Master 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 Applicable Laws 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 proper for the purpose which may be designated in such request.

Section 9.3. 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 Master 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 25% of the aggregate principal amount of the Improvement Area #1 Bonds then Outstanding 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 written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) 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 direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the

aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Improvement Area #1 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Master Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Improvement Area #1 Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Master Indenture and to any action or cause of action for the enforcement of this Master Indenture or for any other remedy hereunder.

(b) Subject to Article 7, nothing in this Master Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Improvement Area #1 Bonds.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Master 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 9.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of 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), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Master Indenture, during the continuance of an Event of Default, notwithstanding Section 9.2 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 Improvement Area #1 Bonds, as follows:

FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Improvement Area #1 Bonds, or Redemption Price of any Improvement Area #1 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 Improvement Area #1 Bonds due on any date, then to the

payment thereof ratably, according to the amounts of principal due and to the registered 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 9.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 9.1, the available funds shall be allocated to the Improvement Area #1 Bonds that are Outstanding in proportion to the quantity of Improvement Area #1 Bonds that are currently due and in default under the terms of this Master Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 9.3, shall not extend to or affect any subsequent default under this Master Indenture or impair any right consequent thereon.

Section 9.5. 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 by this Master Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.6. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Improvement Area #1 Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Master Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 9.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 9.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Master Indenture is expressly denied.

Section 9.8. 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 9.9. Exclusion of Improvement Area #1 Bonds.

Improvement Area #1 Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Improvement Area #1 Bonds provided for in this Master Indenture, and the City shall not be

entitled with respect to such Improvement Area #1 Bonds to give any consent or take any other action provided for in this Master Indenture.

ARTICLE 10

GENERAL COVENANTS AND REPRESENTATIONS

Section 10.1. Records and Accounts. The City hereby covenants and agrees that so long as any of the Outstanding Improvement Area #1 Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Improvement Costs 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 holder or holders of any Improvement Area #1 Bonds or any duly authorized agent or agents of such holders 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 Improvement Area #1 Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

Section 10.2. Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Improvement Area #1 Bonds, to execute and deliver this Master Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Master Indenture, and that the Pledged Revenues 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 Master 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 Pledged Revenues and all the rights of the Owners and the Trustee, under this Master Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will 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 Improvement Area #1 Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 10.3. 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 Master Indenture.

Section 10.4. Federal Tax Matters.

Improvement Area #1 Bonds may be issued as taxable or tax-exempt obligations pursuant to a Supplemental Indenture. Provisions and covenants relating to income tax matters shall be as set forth in a Supplemental Indenture.

ARTICLE 11

SPECIAL COVENANTS

Section 11.1. 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 Revenues, 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 Master Indenture.

Section 11.2. Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 11.2, 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 Pledged Revenues.

(b) So long as Improvement Area #1 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #1 Bonds issued pursuant to a Supplemental Indenture as provided herein, secured by any pledge of or other lien or charge on the Trust Estate pledged under this Master Indenture, other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #1 Bonds, or (ii) refunding bonds issued to refund all or a portion of the Improvement Area #1 Bonds.

(c) Other than bonds issued to refund all or a portion of the Improvement Area #1 Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Master 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 Master Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; 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 adversely affect the ability of the City to timely pay the Annual Debt Service due and owing on the Improvement Area #1 Bonds.

Section 11.3. 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 Accounts, and the Improvement Area #1 Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 11.3 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 Master 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 12

PAYMENT AND CANCELLATION OF THE IMPROVEMENT AREA #1 BONDS AND SATISFACTION OF THE INDENTURE

Section 12.1. Trust Irrevocable.

The trust created by the terms and provisions of this Master Indenture is irrevocable until the Improvement Area #1 Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 13.

Section 12.2. Satisfaction of Master 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 Improvement Area #1 Bonds, at the times and in the manner stipulated in this Master Indenture, and all amounts due and owing with respect to the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Bonds has been paid so that the City may determine if the Master Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in

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 12.3. Improvement Area #1 Bonds Deemed Paid.

All Outstanding Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Bonds to become due on such Improvement Area #1 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 Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #1 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #1 Bonds, that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #1 Bonds. 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 Improvement Area #1 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 Improvement Area #1 Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Improvement Area #1 Bonds to become due on such Improvement Area #1 Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. 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 13

MISCELLANEOUS

Section 13.1. Benefits of Master Indenture Limited to Parties.

Nothing in this Master 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 Master Indenture. Any covenants, stipulations, promises or agreements in this Master Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 13.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Master 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 Master 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 13.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Master 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 Improvement Area #1 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 13.4. Waiver of Personal Liability.

No member of the City Council of the City, or any 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 Improvement Area #1 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 13.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Master Indenture, all notices or other instruments required or permitted under this Master Indenture, including any City Certificate or Certificate for Payment 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 Tomball, Texas 401 Market Street. Tomball, Texas 777375 Attn: City Manager Telephone: 281-351-5484
With a copy to:	
And:	Bracewell LLP Attn: Julie Partain 1445 Ross Ave. Suite 3800 Dallas, Texas 75202 Email: julie.partain@bracewell.com (214) 758-1606
And:	
If to the Trustee, also acting in the capacity of Paying Agent/Registrar:	_____ Attn: _____ _____ _____ _____ _____

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 (5) 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 an Improvement Area #1 Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Improvement Area #1 Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Master Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. 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 directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures

Section 13.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Master Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Master Indenture. The City hereby declares that it would have adopted this Master Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Improvement Area #1 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Master Indenture may be held illegal, invalid, or unenforceable.

Section 13.7. Applicable Laws.

This Master 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 13.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Improvement Area #1 Bonds or the date fixed for redemption of any Improvement Area #1 Bonds or the date any action is to be taken pursuant to this Master Indenture is other than 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 day that is a 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.

Section 13.9. Counterparts.

This Master Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 13.10. Anti-boycott Verification.

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 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 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 13.11. Iran, Sudan and Foreign Terrorist Organizations.

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, 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 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.

Section 13.12. Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of _____, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Master Indenture of Trust to be executed all as of the date hereof.

CITY OF TOMBALL, TEXAS

By: _____
Mayor

ATTEST:

_____
City Secretary

APPROVED AS TO FORM:
City Attorney

By: _____

[CITY SEAL]

The Bank of New York Mellon Trust Company, N.A.

By: _____
Authorized Officer

EXHIBIT A

PROPERTY DESCRIPTION

DESCRIPTION

105.0452 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352, 353, 355, 356, 358, 359, 361, 362, 363, 364, 365, a portion of Outlot 354 and a portion of two 30 foot Unimproved rights-of-way, all as shown on the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 105.0452 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of an Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 162.27 feet to a point for corner;

Thence, N 87°47'53" E, along the Southerly line of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 508.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffsmith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffsmith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane and a projection thereof, at 476.29 feet pass the Easterly right-of-way line of said Unimproved right-of-way, in all a total distance of 506.29 feet to the Westerly right-of-way line of said Unimproved right-of-way;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 832.20 feet to a point for corner;

Thence, N 87°15'10" E, along the Southerly line of that certain Reserve "B" of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 572.96 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of that certain Reserve "C" of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve "C", a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number G259047 and the Northeasterly corner of said Outlot 368;

Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368 and a projection thereof, at 542.93 feet pass the Easterly right-of-way line of said Unimproved right-of-way, in all a total distance of 572.93 feet to the Westerly right-of-way line of said Unimproved right-of-way;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 496.74 feet to a 5/8 inch iron rod with cap set for the Southeasterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of that certain Outlot 366 of said Corrected Map of Tomball Outlots and said Outlot 367, a distance of 1,162.57 feet to a PK Nail found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 366 and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 3,772.74 feet to the POINT OF BEGINNING and containing 105.0452 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

HOVIS SURVEYING COMPANY, INC.
TEXAS FIRM REGISTRATION NO. 10030400

By:_____



Date: September 9, 2019
Job No: 18-102-00
File No: H18-102.00D

FIRST SUPPLEMENTAL INDENTURE

authorizing

CITY OF TOMBALL, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1),
SERIES 2020

Dated: September 1, 2020

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Short Title 1
Section 1.2. Definitions....2
Section 1.3. Table of Contents, Titles and Headings....3
Section 1.4. Interpretation....3
Section 1.5. Declarations and Additional Rights and Limitations Under Master Indenture 4

ARTICLE II

PURPOSES, PLEDGE AND SECURITY FOR BONDS

Section 2.1. Purposes of Supplemental Indenture 4
Section 2.2. Pledge, Security for, Sources of Payment of Bonds....4

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization 4
Section 3.2. Date, Denomination, Maturities, Numbers and Interest 5
Section 3.3. Medium, Method and Place of Payment....5
Section 3.4. Execution and Initial Registration 6
Section 3.5. Ownership....7
Section 3.6. Registration, Transfer and Exchange....7
Section 3.7. Cancellation and Authentication....8
Section 3.8. Replacement Bonds 8
Section 3.9. Book-Entry Only System....9
Section 3.10. Successor Securities Depository....10
Section 3.11. Payments to Cede & Co....11

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption....11
Section 4.2. Mandatory Sinking Fund Redemption....11
Section 4.3. Optional Redemption....12
Section 4.4. Extraordinary Optional Redemption....12
Section 4.5. Partial Redemption....13

Section 4.6. Notice of Redemption to Owners 13
Section 4.7. Payment Upon Redemption 14
Section 4.8. Effect of Redemption 14

ARTICLE V

FEDERAL INCOME TAX MATTERS

Section 5.1. General 15
Section 5.2. No Private Activity Bonds 15
Section 5.3. No Federal Guaranty 15
Section 5.4. No Hedge Bonds 15
Section 5.5. No-Arbitrage 15
Section 5.6. Arbitrage Rebate 16
Section 5.7. Information Reporting 16
Section 5.8. Record Retention 16
Section 5.9. Registration 16
Section 5.10. Favorable Opinion of Bond Counsel 16
Section 5.11. Continuing Obligation 16

ARTICLE VI

FORM OF THE BONDS

Section 6.1. Form Generally 16
Section 6.2. CUSIP Registration 17
Section 6.3. Legal Opinion 17

ARTICLE VII

SALE, CONTROL AND DELIVERY OF THE BONDS

Section 7.1. Sale of Bonds; Offering Memorandum 17
Section 7.2. Control and Delivery of Bonds 19

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1. Creation of Additional Funds and Accounts 19
Section 8.2. Initial Deposits to Funds and Accounts 19
Section 8.3. Payment of the Bonds 20
Section 8.4. Representations and Covenants 20
Section 8.5. Remedies 20

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.1. Approval of Continuing Disclosure Agreement 21

ARTICLE X

MISCELLANEOUS

Section 10.1. Changes to Supplemental Indenture 21
Section 10.2. Partial Invalidity.....21
Section 10.3. No Personal Liability 21
Section 10.4. Counterparts.....21
Section 10.5. Anti-boycott Verification.....22
Section 10.6. Iran, Sudan and Foreign Terrorist Organizations 22
Section 10.7. Form 1295 Exemption 22

INDENTURE OF TRUST

This City of Tomball First Supplemental Indenture of Trust authorizing the City of Tomball, Special Assessment Revenue Bonds (Raburn Reserve Public Improvement District Improvement Area #1), Series 2020 dated September 1, 2020, is by and between the City of Tomball, Texas (the "City") and The Bank of New York Mellon Trust Company, 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, the City of Tomball, Texas (the "City") and The Bank of New York Mellon Trust Company, N.A., as Trustee have entered into that certain Master Indenture of Trust dated September 1, 2020 (the "Master Indenture"), authorizing the issuance of obligations pursuant to one or more supplemental indentures. Capitalized terms used in this First Supplemental Indenture (this "Supplemental Indenture") and not otherwise defined shall have the meaning assigned thereto in the Master Indenture; and

WHEREAS, this Supplemental Indenture is adopted for the purpose of, among others, authorizing the issuance of a series of bonds to be issued pursuant to the terms and provisions of and secured under the Master Indenture; and

WHEREAS, the City is authorized to issue and deliver the Bonds authorized herein in a single series; and

WHEREAS, it is hereby found and determined that the Bonds authorized herein shall constitute Improvement Area #1 Bonds under the Master Indenture and shall be entitled to all of the benefits of the Master Indenture; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Supplemental Indenture is approved is open to the public, and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Supplemental Indenture, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended.

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Short Title.

This Supplemental Indenture may hereafter be cited in other documents and without further description as the "First Supplemental Indenture."

Section 1.2. Definitions.

The capitalized terms used herein and not otherwise defined shall have the same meanings and definitions as are applied to such terms, respectively, in the Master Indenture. Additionally, unless otherwise expressly provided or unless the context clearly requires otherwise, the following additional terms shall have the respective meanings specified below:

"Authorized Denomination" means [$100,000] and any integral multiple of $5,000 in excess of [$100,000], or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

"Authorized Officer" means (i) the City Manager of the City, (ii) an Assistant City Manager of the City designated by the City Manager for such purpose, or (iii) the Director of Finance of the City.

"Bond" means any of the Bonds authorized herein.

"Bond Date" means the date designated as the initial date of the Bonds by Section 3.2(a) of this Supplemental Indenture.

Bond Ordinance" means Ordinance No. _____ adopted by the City Council on _____, 2020 authorizing the Master Indenture and the First Supplemental Indenture and the issues of the Bonds.

"Bonds" means the City's bonds entitled "City of Tomball, Texas, Special Assessment Revenue Bonds (Raburn Reserve Public Improvement District Improvement Area #1), Series 2020."

"Closing Date" means the date of initial delivery of and payment for the Bonds.

"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 such parties.

"Initial Bond" means the Initial Bond described in Section 3.4.

"Interest Payment Date" means the date or dates upon which interest on the 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 _____.

"MSRB" means the Municipal Securities Rulemaking Board.

"Purchase Contract" means the bond purchase contract approved in Section 6.1, pursuant to which the Bonds are sold to the Underwriter.

"Record Date" means the last Business Day of the month next preceding an Interest Payment Date.

"Representation Letter" means the "Blanket Letter of Representations" between the City and DTC.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Stated Maturity Date" means the respective dates on which the Bonds are stated to mature.

"Supplemental Indenture" means this First Supplemental Indenture.

"Underwriter" means FMSbonds, Inc.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Supplemental 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 Supplemental 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) Article and section references shall mean references to articles and sections of this Supplemental Indenture unless designated otherwise.

(c) Nothing in this Supplemental Indenture is intended or shall be construed to confer upon, or give to, any person, other than the City and the Owners, any right, remedy, or claim under or by reason of this Supplemental Indenture or any covenant or provisions hereof.

(d) If any one or more of the covenants, provisions or agreements contained herein should be contrary to Applicable Law, then such covenants, provisions or agreements shall be deemed separable from the remaining covenants, provisions, and agreements hereof, and shall in no way affect the validity of the remaining covenants, provisions, and agreements contained in this Supplemental Indenture.

Section 1.5. Declarations and Additional Rights and Limitations Under Master Indenture.

(a) For all purposes of the Master Indenture, the City declares and provides as follows:

(i) The Bonds are Improvement Area #1 Bonds that are authorized by Section 3.1 of the Master Indenture.

(ii) Administrative Expenses shall include the fees and expenses owed to the Trustee and the Paying Agent/Registrar.

ARTICLE II

PURPOSES, PLEDGE AND SECURITY FOR BONDS

Section 2.1. Purposes of Supplemental Indenture.

The purposes of this Supplemental Indenture are to authorize the award and sale of the Bonds to the Underwriter in accordance with the terms and provisions hereof, and to extend expressly the pledge, lien and security of the Master Indenture to and for the benefit of the Owners.

Section 2.2. Pledge, Security for, Sources of Payment of Bonds.

(a) The pledge, the security provisions of Sections 3.5 and 3.6 and 3.7 respectively, of the Master Indenture are hereby expressly restated, fixed, brought forward and granted to the Owners.

(b) The Bonds issued hereunder are Improvement Area #1 Bonds under the Master Indenture shall be and are secured in the manner and to the extent provided in the Master Indenture with respect to Improvement Area #1 Bonds. The Bonds shall be and are on a parity with other Improvement Area #1 Bonds issued under the Master Indenture.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds, to be designated "City of Tomball, Texas, Special Assessment Revenue Bonds (Raburn Reserve Public Improvement District Improvement Area #1 Project), Series 2020," are hereby authorized to be issued and delivered in accordance with Act and other Applicable Law. The Bonds shall be issued in the original principal amount of $_____ for the purpose of (i) paying a portion of the Improvement Area #1 Costs, (ii) paying capitalized interest on the Bonds, (iii) funding the Bond Reserve Account of the Reserve Fund, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying a

portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated _____, 2020 (the "Bond Date") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds to the Underwriter 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 _____ computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

Term Bonds

Maturity Date	Principal Amount	Interest Rate

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Supplemental Indenture.

Section 3.3. Medium, Method and Place of Payment.

(a) Debt Service on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar 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 at least 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 Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on the Bonds shall be paid by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to the Owner entitled to such payment, United States mail, first class postage prepaid, to the address of the Owner as it appears in the Obligation Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Owner on the due date thereof (whether at the Stated Maturity Date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If a date for the payment of Debt Service on the Bonds is not a Business Day, 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.

(f) Subject to any applicable escheat, unclaimed property, including without limitation Title 6, Texas Property Code, or similar and Applicable Law, unclaimed payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be paid to the City and thereafter neither the City, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds.

Section 3.4. Execution and Initial Registration.

(a) The Bonds shall be executed in accordance with the Article IV of the Master Indenture.

(b) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of the Master Indenture and this Supplemental Indenture unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Supplemental Indenture, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Supplemental Indenture, manually executed by the Comptroller of Public Accounts of the State or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(c) On the Closing Date, one Initial Bond, representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the Mayor and attested by manual or facsimile signature of the City

Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the representative of the Underwriter or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriter registered definitive Bonds as described in Section 3.9(a).

Section 3.5. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat each Owner as the absolute owner of such Bond for the purpose of making and receiving payment of Debt Service thereon (subject to the provisions herein that interest is to be paid to each Owner on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.6. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to maintain the Obligation 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 the Master Indenture.

(b) Ownership of any Bond may be transferred in the Obligation Register only upon the presentation and surrender thereof at the Paying Agent/Registrar's Designated Payment/Transfer Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in Authorized Denominations, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Obligation Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three Business Days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar together with a written request therefor duly executed by the Owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to 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. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity

date, bearing interest at the same rate, in Authorized Denominations, at the request of the Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds shall be delivered by the Paying Agent/Registrar to the Owner of the Bond or Bonds in not more than three Business Days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Bond issued in exchange for any Bond or portion thereof assigned or transferred shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange the Bonds as provided herein, and each substitute 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 Supplemental Indenture to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The City will pay, as an Administrative Expense, the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer or exchange of Bonds, but the Paying Agent/Registrar will 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. In addition, the City hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of Debt Service on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration and exchange of Bonds as provided herein.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.7. Cancellation and Authentication.

All Bonds paid or redeemed before their Stated Maturity Dates in accordance with this Supplemental Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Supplemental Indenture, shall be canceled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of the canceled Bonds in accordance with Applicable Law.

Section 3.8. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar 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 any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the Applicable Law 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:

(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 City to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of 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 Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, 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 or the Paying Agent/Registrar 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.

(e) Each replacement 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 Supplemental Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.9. Book-Entry Only System.

(a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) 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, except as provided in this Supplemental Indenture. 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 Obligation 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 Obligation Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Supplemental 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 Obligation Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the 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 Obligation Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal, 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 Obligation Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Supplemental 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 Supplemental Indenture with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Supplemental Indenture shall refer to such new nominee of DTC.

(c) The "Representation Letter" previously executed and delivered by an Authorized Officer and made applicable to the City's obligations delivered in book-entry-only form to DTC as securities depository for said obligations, is hereby ratified and approved for the Bonds.

Section 3.10. Successor Securities Depository.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, 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, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being

registered in the Obligation 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 Supplemental Indenture.

Section 3.11. Payments to Cede & Co.

Notwithstanding any other provision of this Supplemental 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 Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article 4.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds (referred to as "Term Bonds" below) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__*	

*maturity

$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	

September 15, 20__
September 15, 20__
September 15, 20__*

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date and subject to any prior reduction authorized by this Supplemental Indenture, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6 of this Supplemental Indenture.

(c) The principal amount of the Term Bonds required to be redeemed on any 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 Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary redemption provisions hereof and not previously credited to a mandatory sinking fund redemption as described in subsection 4.2(d) below.

Section 4.3. Optional Redemption.

(a) The City reserves the option to redeem Bonds in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.4. Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Supplemental Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Master Indenture or any other transfers to the Redemption Fund under the terms of this Master Indenture, including from transfers of Foreclosure Proceeds and

transfers pursuant to the provisions of Article V of the Master Indenture. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

(b) 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 Bonds.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds within a maturity are to be redeemed, such Bonds shall be called by random selection. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination for such Bond.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

(c) 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) A portion of a single Bond of an Authorized Denomination may be redeemed, but only in a principal amount equal to $5,000 or any integral thereof. The Trustee shall treat each $5,000 portion of such Bond as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding 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.

(d) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Supplemental Indenture, shall authenticate and deliver and exchange the Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(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 reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the 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 Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Supplemental Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter,

such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FEDERAL INCOME TAX MATTERS

Section 5.1. General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on any issue of Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with each issue of Bonds.

Section 5.2. No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be "private activity bonds" unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Assessments will meet the requirements for 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.

Section 5.3. No Federal Guaranty.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause an issue of Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 5.4. No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code.

Section 5.5. No-Arbitrage.

The City covenants that it will make use of the proceeds of each issue of Bonds (including investment income) and regulate the investment of such proceeds of each such issues of Bonds so that such issue will not be "arbitrage bonds" within the meaning of section 148(a) of the Code.

Section 5.6. Arbitrage Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds each issue of Bonds, be rebated to the United States.

Section 5.7. Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning each issue of Bonds in accordance with section 149(e) of the Code.

Section 5.8. Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 5.9. Registration.

If an issue of Bonds are "registration-required bonds" under section 149(a)(2) of the Code, such issue will be issued in registered form.

Section 5.10. Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an Favorable Opinion of Bond Counsel.

Section 5.11. Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of an issue of Bonds for as long as such matters are relevant to the excludability of interest on such issue Bonds from gross income for federal income tax purposes.

ARTICLE VI
FORM OF THE BONDS

Section 6.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Supplemental Indenture with such appropriate insertions, omissions,

substitutions, and other variations as are permitted or required by this Supplemental 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 Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive 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 Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the 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 Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 6.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE VII

SALE, CONTROL AND DELIVERY OF THE BONDS

Section 7.1. Sale of Bonds; Offering Memorandum.

(a) The Bonds are hereby officially sold and awarded to the Underwriter in accordance with the terms and provisions of that certain Purchase Contract relating to the Bonds between the City and the Underwriter and dated the date of the passage of the Ordinance. The

form and content of such Purchase Contract are hereby approved, and the Mayor is hereby authorized and directed to execute and deliver such Purchase Contract. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of the Underwriter, or its designee.

(b) The form and substance of the Preliminary Limited Offering Memorandum for the Bonds and any addenda, supplement or amendment thereto presented to and considered by the City Council are hereby in all respects approved and adopted. The City hereby authorizes the preparation of a final Limited Offering Memorandum reflecting the terms of the Purchase Contract and other relevant information. The Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the City Manager and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds, and the Preliminary Limited Offering Memorandum is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. 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 this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and continued. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor, the Mayor 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 development, the Developer (as defined in the Limited Offering Memorandum) or its financial ability, the homebuilders; the landowners, or the appraisal of the property in the District performed by _____.

(c) The Authorized Officer and all other officers of the City are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, and to effectuate the terms and provisions of this Indenture. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the District is hereby authorized and directed to issue a check of the District payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed $9,500).

(d) The obligation of the Underwriter to accept delivery of the Bonds is subject to, among other conditions specified in the Purchase Contract, the Underwriter being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated and delivered on the Closing Date.

Section 7.2. Control and Delivery of Bonds.

(a) The Mayor of the City, or in his absence, the Mayor Pro Tem, is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Underwriter under and subject to the general supervision and direction of the Mayor of the City, or in his absence, the Mayor Pro Tem, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor, City Secretary or City Manager is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem, the Assistant City Secretary, or an Assistant City Manager, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary, and an Assistant City Manager shall, for the purposes of this Supplemental Indenture, have the same force and effect as if such duties were performed by the Mayor, City Secretary, and City Manager, respectively.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1. Creation of Additional Funds and Accounts.

(a) The following accounts are hereby created in addition to those created in Section 5.1 of the Master Indenture:

(i) Series 2020 Capitalized Interest Sub-Account of the Capitalized Interest Account of the Bond Fund

(ii) Series 2020 Costs of Issuance Sub-Account of the Costs of Issuance Account of the Bond Fund

(iii) Series 2020 Improvement Sub-Account of the Improvement Account of the Bond Fund

(iv) Series 2020 Developer Improvement Sub-Account of the Developer Account of the Project Fund

Section 8.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Series 2020 Capitalized Interest Sub-Account: $_____ for the payment of interest on the Bonds on the following dates:

Date	Amount

(ii) to the Bond Reserve Account: $_____;

(iii) to the Series 2020 Costs of Issuance Sub-Account: $_____;

(iv) to the Administrative Fund: $_____;

(v) to the Delinquency and Prepayment Reserve Account of the Reserve Fund: $_____; and

(vi) to the Series 2020 Improvement Sub-Account Account of the Project Fund: $_____.

(b) Funds received from the Developer in the amount of $_____ shall be deposited into the Developer Improvement Sub-Account of the Project Fund.

Section 8.3. Payment of the Bonds.

While any of the Bonds are outstanding and unpaid, the City shall make available to the Paying Agent/Registrar, from the Pledged Funds and Accounts, in the amounts and at the times required by this Supplemental Indenture and the Master Indenture, money sufficient to pay when due all amounts required to be paid by this Supplemental Indenture and the Master Indenture.

Section 8.4. Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Master Indenture and this Supplemental Indenture; the City will promptly pay or cause to be paid Debt Service on each Bond on the dates and at the places and in the manner prescribed in each Bond; and the City will, at the times and in the manner prescribed by this Supplemental Indenture, deposit or cause to be deposited the amounts of money specified by the Master Indenture and this Supplemental Indenture.

(b) The City is duly authorized under the laws of the State to issue the Bonds; all action on its part for the issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 8.5. Remedies.

The City and the Owners shall have all rights, remedies, duties and obligations set forth and applicable to them in the Master Indenture and this Supplemental Indenture.

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.1. Approval of Continuing Disclosure Agreement.

(a) The form, terms and provisions of that certain continuing disclosure agreement (the "Continuing Disclosure Agreement"), among the City, P3Works, Inc. as the assessment consultant and _____, as Dissemination Agent, dated _____, 2020, is hereby authorized and approved in substantially final form presented at this meeting and the Mayor 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 Supplemental Indenture and approved by the Mayor, such approval to be evidenced by the execution thereof. The Mayor's signature on the Continuing Disclosure Agreement may be attested by the City Secretary.

ARTICLE X

MISCELLANEOUS

Section 10.1. Changes to Supplemental Indenture.

The Mayor and City Manager, in consultation with Bond Counsel, are hereby authorized to make changes to the terms of this Supplemental Indenture if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 10.2. Partial Invalidity.

If any section, paragraph, clause or provision of this Supplemental Indenture 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 the Supplemental Indenture.

Section 10.3. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Supplemental Indenture, against any official or employee of the City or any person executing any Bonds.

Section 10.4. Counterparts.

This Master Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 10.5. Anti-boycott Verification.

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 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 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 10.6. Iran, Sudan and Foreign Terrorist Organizations.

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, 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 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.

Section 10.7. Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of _____, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

PRESENTED, PASSED AND APPROVED, AND EFFECTIVE on the _____ day of _____, 2020, by a vote of ____ ayes and ___ nays at a regular meeting of the City Council of the City of Tomball, Texas.

By:_____
Mayor, City of Tomball, Texas

ATTEST:

_____
City Secretary

APPROVED AS TO FORM:
City Attorney

By:_____

TRUSTEE'S ACCEPTANCE OF TRUST AND DUTIES

The Trustee, acting by and through the below named duly authorized officer, hereby accepts the trusts imposed by this Supplemental Indenture and the Master Indenture and agrees to perform the duties of Trustee hereunder, but only upon and subject to the express terms and conditions herein.

Dated: _____

_____, as Trustee

By: _____
Title: _____

EXHIBIT A

The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of Trustee and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of 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 BOND.

THE TRANSFER OF THIS BOND IS SUBJECT TO THE TERMS AND RESTRICTIONS DESCRIBED HEREIN.

REGISTERED
No. _____

REGISTERED
$_____

United States of America
State of Texas

CITY OF TOMBALL, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTEREST RATE	MATURITY DATE	DATE OF DELIVERY	CUSIP NUMBER
_____%	September 15, ____	_____, _____	_____ ___

The City of Tomball, 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 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 commencing on _____ and on each March 15 and September 15 thereafter 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 Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in _____, Texas (the "Designated Payment/Transfer Office"), of _____, N.A., a national banking association, as trustee and paying agent/registrar (the "Trustee," which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this 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, 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 Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last 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, and for thirty (30) days 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 (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.

If a date for the payment of the principal of or interest on the 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 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 "Bonds"), dated _____, 2020 and issued in the aggregate principal amount of $_____ and issued, with the limitations described herein, pursuant to a Master Indenture of Trust, dated as of _____, 2020 (the "Master Indenture"), and a First Supplemental Indenture dated as of ___, 2020 (the "First Supplemental Indenture and together with the Master Indenture, the "Indenture") by and between the City and the Trustee, 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 Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture

are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Improvements Costs, (ii) paying capitalized interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds.

The Bonds are special and 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 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 Bonds are issuable as fully registered bonds only in denominations of [$100,000], or any integral multiple of $5,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than $100,000 in denominations of $5,000 and any multiple of $5,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid 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 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

$_____ Term Bonds maturing September 15, 20__

Redemption Date	Amount
September 15, 20__	
September 15, 20__	
September 15, 20__*	

*maturity

$_____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

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

The Sinking Fund Installments of Term Bonds required to be redeemed on any mandatory sinking fund redemption shall be reduced in integral multiples of $5,000 by any portion of such Bonds, which, at least 30 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from

amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or 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 Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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 the 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 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 Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, 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 Bond. Upon satisfaction of such requirements, one or more new fully registered 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 Bond called for redemption where such redemption is scheduled to occur within forty-five (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 Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this 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 Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this 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 TOMBALL, TEXAS; HARRIS 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 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 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 Bond to be executed under the official seal of the City.

City Secretary, City of Tomball, Texas	Mayor, City of Tomball, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each 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 Bond, and that this 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 Bonds of the series of Bonds referred to in the within mentioned Indenture.

_____, N.A., as
Trustee

By: _____
Authorized Signatory

DATED: _____

(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 Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

_____

_____
Authorized Signatory

_____

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) *immediately under the name of the 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 Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:*

Years Principal Installments Interest Rates"

(Information to be inserted from Section 3.2(c) hereof); and

(iii) *the Initial Bond shall be numbered T-1.*

EXHIBIT B

FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. ___

Reference is made to that certain Master Indenture of Trust by and between the City and the Trustee dated as of _____, 2020 (the "Master Indenture") and that certain First Supplemental Indenture by and between the City and the Trustee dated as of ____, 2020 (the "First Supplemental Indenture together with the Master Indenture, the "Indenture") relating to the "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1 Project)" (the "Bonds"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for HT Raburn Reserve Development L.P. a Texas limited partnership (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Improvement Account of the Project Fund

_____ the Developer Improvement Account of the Project Fund

from _____, N.A., (the "Trustee"), in the amount of _____ ($_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within Improvement Area #1 of the Raburn Reserve Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The itemized payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.

3. The itemized amounts listed for the Authorized Improvements below is a true and accurate representation of the Authorized Improvements associated with the creation, acquisition, or construction of said Authorized Improvements and such costs (i) are in compliance with the Development Agreement, (ii) are consistent with and within the cost identified for such Authorized Improvements as set forth in the Service and Assessment Plan, and (iii) are capital costs relating of the Authorized Improvements.

4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, located in the Raburn Reserve Public Improvement District and has no outstanding delinquencies for such Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Authorized Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Authorized Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9.

a. Developer has recorded documents creating a Home Owners in the real property records of Harris County and evidence of such recording has been submitted to the City; or

b. if Developer has not recorded such documents and evidence has not been submitted evidencing such recording, then the requested payment (including all previous payments) equals less than or equal to 10% of the amount of bond proceeds deposited to the Improvement Account at closing of the Bonds.

Payments requested are as follows:

Payee / Description of Authorized Improvement	**Total Cost of Authorized Improvement**	**Budgeted Cost of Authorized Improvement**	**Amount requested to be paid from the Improvement Account[1]**	**Amount requested to be paid from the Developer Improvement Account**	**% of Bond proceeds expended from the Improvement Account upon payment of sums under this Certificate for Payment**

[1] No more than 10% of Bond proceeds may be expended from the Improvement Account until the Developer has recorded documents creating a Home Owners Association in the real property records of Harris County and evidence of such recording is submitted to the City.

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

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

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.

b. Payment instructions

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

HT Raburn Reserve Development L.P., a Texas limited partnership

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account	Amount to be paid by Trustee from Developer Improvement Account
$_____	$_____	$_____

[City to make the following certification as appropriate]*

[TO BE CERTIFIED BEFORE ANY AMOUNT OVER TEN (10%) OF THE PROCEEDS OF THE BONDS DEPOSITED TO THE IMPROVEMENT ACCOUNT AT CLOSING MAY BE RELEASED FROM THE PROJECT FUND: The City hereby certifies that it has received satisfactory evidence of the recording covenants, conditions and restrictions created the Home Owners Association and Property Owners pursuant to the Agreement.]

CITY OF TOMBALL, TEXAS

By:_____
Name: _____
Title: _____

Date: _____

* Certification is to be made by the City prior to the City's approval of a Certificate for Payment. If any Certificate for Payment is approved by the City as evidenced by their execution of this Certificate for Payment, the Trustee is authorized to pay the amounts set forth in such Certificate for Payment as executed by the City and delivered to the Trustee without further diligence and whether or not such certification has been made by the City.

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for HT Raburn Reserve Development L.P. a Texas limited partnership, (the "Developer") and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Improvement Account of the Project Fund] from _____, (the "Trustee") in the amount of _____DOLLARS ($_____) for costs incurred in the establishment, administration, and operation of the Raburn Reserve Public Improvement District (the "District"), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

7. X amount to Person or Account Y for Z goods or services.

8. Payment Instructions

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

HT Raburn Reserve Development L.P.,
a Texas limited partnership

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and authorizes and directs payment of such amounts by Trustee from the accounts listed below to the Developer or other person designated by the Developer.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount to be paid by Trustee from Improvement Account
$_____	$_____	$_____

CITY OF TOMBALL, TEXAS

By:_____
Name: _____
Title: _____

Date: _____

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

Raburn Reserve Public Improvement District

SERVICE AND ASSESSMENT PLAN

SEPTEMBER 8, 2020

TABLE OF CONTENTS

Table of Contents 1
Introduction 2
Section I: Definitions 3
Section II: The District 8
Section III: Authorized Improvements 9
Section IV: Service Plan 11
Section V: Assessment Plan 11
Section VI: Terms of the Assessments 14
Section VII: Assessment Roll 21
Section VIII: Additional Provisions 21
List of Exhibits 23
Exhibit A – District Legal Description 24
Exhibit B – District Boundary Map 27
Exhibit C – Authorized Improvements 28
Exhibit D – Service Plan 29
Exhibit E – Sources and Uses 30
Exhibit F – Improvement Area #1 Assessment Roll 31
Exhibit G-1 – Improvement Area #1 Annual Installments 34
Exhibit G-2 – Lot Type 1 Annual Installments 35
Exhibit H – Maximum Assessment and Special Benefit per Lot Type 36
Exhibit I – Concept Plan 37
Exhibit J– Improvement Area #1 Improvements Maps 38
Exhibit K – Notice of PID Assessment Termination 43
Exhibit L – Improvement Area #1 Plat 46

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 October 7, 2019, the City passed and approved Resolution No. 2019-41 authorizing the creation of the District in accordance with the PID Act, as amended, which authorization was effective upon publication as required by the PID Act.

On November 4, the City passed and approved Resolution No. 2019-45 which amends and restates Resolution No. 2019-41 by incorporating the increased area of the District as a result of right-of-way abandonments. The revised boundary of the District encompasses approximately 105 acres.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 105 acres located within the City, as described by metes and bounds on **Exhibit A** and depicted on **Exhibit B**.

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 Council. The Assessment against each Parcel must be sufficient to pay the share of the Actual Costs apportioned to the Parcel and cannot exceed the special benefit conferred on the Parcel by the Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F.**

SECTION I: DEFINITIONS

"Actual Costs" mean, with respect to Authorized Improvements, the Owner's demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvements, as specified in a payment request in a form that has been reviewed and approved by the City and in an amount not to exceed the amount for each Authorized Improvement as set forth in this Service and Assessment Plan, except for authorized reallocations, which include Cost Underruns (as defined in the Development Agreement) in any category of Authorized Improvements being reallocated to cover Cost Overruns (as defined in the Development Agreement) in any different category of Authorized Improvements as approved by the City. Actual Costs may include: (1) the costs incurred by, caused to be incurred by, or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) construction management fees equal to 4% of cost of the Authorized Improvements; (4) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (5) all labor, bonds, and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (6) all related permitting and public approval expenses, architectural, engineering, and consulting fees, taxes, and governmental fees and charges.

"Additional Interest" means the amount collected by application of the Additional Interest Rate.

"Additional Interest Rate" means an amount not to exceed 0.50% additional interest charged on Assessments pursuant to Section 372.018 of the PID Act. The Additional Interest Rate is not charged on Improvement Area #1 Assessments securing the Improvement Area #1 Reimbursement Obligation.

"Administrative Expense Fund" means the fund established pursuant to the Indenture where the funds to pay the Annual Collection Costs will be deposited.

"Administrator" means the City or the person or 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 responsibilities of the administration of the District.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of PID Bonds, and the construction,

operation, and maintenance of the Authorized Improvements, 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 Assessments and Annual Installments, including the costs of foreclosure; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the issuance and sale of PID Bonds, the administration of the Improvement Area #1 Reimbursement Agreement, including continuing disclosure requirements; (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel; and (9) administering the construction of the Authorized Improvements. 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 on the 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, as applicable.

"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.

"Assessed Property" means any Parcel within the District against which an Assessment is levied and does not include Non-Benefitted Parcels.

"Assessment" means an assessment (including interest thereon) 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 the District based on the special benefits conferred on the District by the Authorized Improvements, more specifically described in **Section V**.

"Assessment Roll" means the assessment roll 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 in this Service and Assessment Plan as **Exhibit F.**

"Authorized Improvements" means improvements authorized by Section 372.003 of the PID Act, including District Formation Costs and Bond Issuance Costs, as described in **Section III**.

"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, first year District administration reserves, underwriter 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 Tomball, Texas.

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

"County" means Harris County, Texas.

"Delinquency and Prepayment Reserve Fund" means the funds established pursuant to the Indenture where the Additional Interest will be deposited.

"Delinquent Collection Costs" mean costs related to the foreclosure of the lien on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney's fees to the extent permitted by law, but excluding amounts representing interest and penalty interest.

"Developer" means HT Raburn Reserve Development, L.P. a Texas limited partnership.

"Development Agreement" means that certain Raburn Reserve Development Agreement between the City and the Developer dated as of October 7, 2019, as amended by that certain First Amendment to Raburn Reserve Development Agreement effective June 15, 2020.

"District" means the Raburn Reserve Public Improvement District containing approximately 105 acres located within the City as shown on **Exhibit B** and more specifically described on **Exhibit A.**

"District Formation Costs" means costs incurred by the Developer including attorney fees, financial consultant fees, and other fees related to the formation of the District and the levy of Assessments.

"Estimated Buildout Value" means the estimated buildout value of an Assessed Property, 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 factors that may impact value.

"Future Improvement Areas" means the property within the District, excluding Improvement Area #1. Future Improvement Areas may be developed in phases after Improvement Area #1.

"Future Improvement Area Bonds" mean bonds issued to fund Future Improvement Area Improvements (or a portion thereof) in a Future Improvement Area that are secured by Assessments levied on Assessed Property within such Future Improvement Area.

"Future Improvement Area Improvements" mean those Authorized Improvements which will confer a special benefit solely on the related Future Improvement Area.

"Improvement Area" means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and each area within the Future Improvement Areas that is specifically defined and designated as a phase of the District.

"Improvement Area #1" means approximately 40 acres located within the District, as shown on **Exhibit A** and more specifically detailed on the Improvement Area #1 Plat attached as **Exhibit L**.

"Improvement Area #1 Annual Installment" means the annual installment payment on 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, as applicable.

"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 a Parcel within Improvement Area #1 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 Improvements" mean those Authorized Improvements that only benefit Improvement Area #1.

"Improvement Area #1 Plat" means the plat recorded in the Official Public Records of the County on August 12, 2020 and attached as **Exhibit L**.

"Improvement Area #1 Reimbursement Agreement" means that certain "Raburn Reserve Public Improvement District Improvement Area #1 Acquisition and Reimbursement Agreement" effective _____ entered into by and between the City and Developer, whereby all or a portion of the Actual Costs will be paid to the Developer from Improvement Area #1 Assessments to reimburse the Developer for Actual Costs paid by the Developer, that are eligible to be paid with Improvement Area #1 Assessments plus interest.

"Improvement Area #1 Reimbursement Obligation" means an amount not to exceed $1,690,000 secured by Improvement Area #1 Assessments to be paid to Developer pursuant to the Improvement Area #1 Reimbursement Agreement.

"Improvement Area #1 Series A Bonds" means those certain "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)", that are secured by Improvement Area #1 Assessments.

"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 a tract of land upon which the levy of Assessments is based in this Service and Assessment Plan, that is (1) a "lot" in a subdivision plat recorded in the official records of the County, (2) a development/concept plan or (3) a preliminary plat.

"Lot Type" means a classification of final building Lots with similar characteristics (e.g. general retail, light industrial, multi-family, single family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council.

"Lot Type 1" means a residential Lot within Improvement Area #1 marketed to homebuilders as a 50' Lot.

"**Maximum Assessment**" means for Lot Type 1, $31,429, as reduced annually by the principal portion of the Annual Installment and as shown on **Exhibit H**.

"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. Assessed Property converted to Non-Benefited Property, if the Assessments are not reallocated pursuant to the provisions herein, remain subject to the Assessments and requires the Assessments to be prepaid as provided herein.

"Owner" means the Developer and any successor developer of property in the District or any portion thereof.

"Parcel(s)" means a property, within the District, identified by either a tax map identification number assigned by the Harris County Appraisal District for real property tax purposes, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

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

"PID Bonds" means bonds issued by the City to finance the Authorized Improvements and secured in whole or in part by Assessments, including Annual Installments thereof.

"Prepayment" means the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent Annual 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.

"Prepayment Costs" means principal and interest, including Additional Interest, and Annual Collection Costs incurred up to the date of Prepayment, and including any penalties.

"Reimbursement Agreement" means any reimbursement agreement, including the Improvement Area #1 Reimbursement Agreement, between the City and the Developer pursuant to which the City agrees to levy Assessments on an Improvement Area and all or a portion of such Assessments are paid to the Developer to reimburse the Actual Costs related to such Improvement Area.

"Reimbursement Obligation" means the amount to be paid to the Developer pursuant to a Reimbursement Agreement.

"Residential Lot" means a Lot designed to include a residential home within a final subdivision plat and as determined by the Administrator and confirmed by the City Council.

"Service and Assessment Plan" means this Service and Assessment Plan as updated and amended from time to time.

"Service Plan" means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, 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 105 contiguous acres located within the City, as more particularly described by metes and bounds on **Exhibit A** and depicted on **Exhibit B.** Development of the District is anticipated to include approximately 362 single-family homes, as shown on **Exhibit I**.

Improvement Area #1 includes approximately 40 acres as more particularly described in the Improvement Area #1 Plat on **Exhibit L** and depicted on **Exhibit B.** Development of Improvement Area #1 is anticipated to contain 133 single-family homes.

It is anticipated there will be two additional Future Improvement Areas within the District. As Future Improvement Areas are developed and in connection with the issuance of any Future Improvement Area Bonds, this Service and Assessment Plan will be amended to update the Exhibits. A map of the property that will comprise the Future Improvement Areas is depicted on **Exhibit B**.

SECTION III: AUTHORIZED IMPROVEMENTS

The City, 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 confer a special benefit on the Assessed Property. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C** and depicted on **Exhibit J**.

A. Improvement Area #1 Improvements

- *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. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Water*

  Improvements including trench excavation and embedment, trench safety, plastic/metal piping, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Wastewater*

  Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Storm Water*

  Improvements including earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm water. The storm water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by

the City.

- *Natural Gas*

  Improvements including trench excavation and embedment, trench safety, plastic/metal piping, manholes, service connections, gas mains, valves, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide natural gas service. The Natural Gas improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

  Costs incurred in the establishment, administration and operation of the District; costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, and contingency; and, costs associated with financing the Authorized Improvements.

- *District Formation Costs*

  Costs incurred by the Developer including attorney fees, financial consultant fees, and other fees related to the formation of the District allocable to Improvement Area #1 and the levy of Improvement Area #1 Assessments.

B. Future Improvement Area Improvements

As Future Improvement Areas are developed and Assessments are levied on Assessed Property within the Future Improvement Areas, this Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the Assessed Property inside each Future Improvement Area.

C. 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.

- *Deposit to Delinquency and Prepayment Reserve Fund*

  Includes initial deposit to Delinquency and Prepayment Reserve Fund.

- *Deposit to Administrative Expense Fund*

  Includes first year Annual Collection Costs.

- *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, paying agent fees, Trustee fees and any other cost or expense directly associated with the issuance of PID Bonds.

Upon completion of construction of the Authorized Improvements, any cost underruns within a line item of Authorized Improvements, may be available to pay cost overruns on any other Authorized Improvement line item with the approval of the City; such changes shall be set forth in an Annual Update to the Service and Assessment Plan.

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. The Service Plan for the District is summarized on **Exhibit D**.

The sources and uses of funds required to construct the Authorized Improvements and pay the District Formation Costs and Bond Issuance Costs are summarized on **Exhibit E**. 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 or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

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 Improvement Area #1 Improvements shall be allocated according to the formula in **Section VI.A**, and all Lots within Improvement Area #1 are determined to be Lot Type 1 Lots. As such, each Lot within Improvement Area #1 is allocated the same Assessment and all Lots within Improvement Area #1 are equally benefitted by the Improvement Area #1 Improvements. Upon subdivision or consolidation of an Improvement Area #1 Assessed Property, the Improvement Area #1 Improvements shall be reallocated to each Lot Type based on Estimated Buildout Value described in **Section VI**.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds are contemplated, this Service and Assessment Plan will be amended to determine the assessment methodology necessary to apply equal shares of Actual Costs of Future Improvement Area Improvements on Assessed Property similarly benefited within that Future Improvement Area.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property 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-1** and the projected Annual Installments for Lot Type 1 are shown on **Exhibit G-2**, subject to revisions made during any Annual Service Plan Update.

The Maximum Assessment for Lot Type 1 is shown on **Exhibit H**. In no case will the Assessment for Lot Type 1 exceed the Maximum Assessment.

When, and if, Future Improvement Areas are developed and the issuance of Future Improvement Area Bonds are contemplated, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installment associated with the costs of Future

Improvement Area Improvements or each Lot located within a Future Improvement Area. The Assessment shall not exceed the benefit received by the Assessed Property.

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 City, has found and determined:

- *Improvement Area #1*

  1. The cost of Improvement Area #1 Improvements equal $5,951,204 as shown on **Exhibit C**; and

  2. The Improvement Area #1 Improvements, and the issuance of PID Bonds, including financing costs, allow the Improvement Area #1 Assessed Property to be developed into residential lots, which are inherently more valuable than raw, undeveloped vacant land. As such, the Developer intends for the increase in value of the land resulting from the construction of the Improvement Area #1 Improvements to be greater than the cost of the Improvement Area #1 Improvements, with the difference equaling the Developer's profit. As such, the City Council has determined that the Improvement Area #1 Assessed Property receives special benefit equal to or greater than the costs of the Improvement Area #1 Improvements; and

  3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Improvements, which equal $4,180,000 as shown on the Improvement Area #1 Assessment Roll, attached hereto on **Exhibit F**; and

  4. The special benefit ($5,951,204) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Improvements is equal or greater than the amount of the Improvement Area #1 Assessments ($4,180,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Improvements; and

  5. At the time the City Council approved the Assessment Ordinance for the Improvement Area #1 Assessments, the Developer owned 100% of the Improvement Area #1 Assessed Property. The Developer has acknowledged that the Improvement Area #1 Improvements 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 the Actual Costs associated therewith. The Developer has ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the

Assessment Ordinance for the Improvement Area #1 Assessments; (2) the Service and Assessment Plan and the Assessment Ordinance for the Improvement Area #1 Assessments, and (3) the levying of Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

Exhibit H shows the estimated special benefit per Lot Type within Improvement Area #1 based on the Improvement Area #1 Plat attached as **Exhibit L**.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessments remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of Annual Installments in the amounts shown on **Exhibit G-1**, 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 for purposes of paying debt service on the PID Bonds shall exceed the interest rate on the PID Bonds by the Additional Interest Rate. Additional Interest will not be collected on the Improvement Area #1 Reimbursement Obligation. Additional Interest shall be collected as part of each Annual Installment collected for purposes of paying debt service on the PID Bonds *and* shall be deposited into the Delinquency and Prepayment Reserve Fund, pursuant to the Indenture.

F. Future Bonds to Finance Improvement Area #1 Reimbursement Obligation

The City may issue PID Bonds to finance the remaining Improvement Area #1 Reimbursement Obligation. At the time of such financing, the interest currently charged and paid on the portion of the Improvement Area #1 Assessments allocated to Improvement Area #1 Reimbursement Obligation shall cease being paid to the Developer and the portion of the Improvement Area #1 Assessments currently allocated to the Improvement Area #1 Reimbursement Obligation shall then bear interest at the rate of the PID Bonds issued to finance the Improvement Area #1 Reimbursement Obligation plus the Additional Interest.

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 x (C ÷ 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 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, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Parcel according to the following formula:

A = [B x (C ÷ D)]/E

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E= the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

The sum of the Assessments for all newly subdivided Parcels 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 Assessed Properties are consolidated, the Administrator shall allocate the Assessments against the Assessed Properties before the consolidation to the consolidated Assessed Property, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit H** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B.**

B. True-up of Assessments if Maximum Assessment Exceeded

Prior to the City approving a final subdivision plat for Improvement Area #1 Assessed Property, the Administrator will certify that such plat will not result in the Assessment for Lot Type 1 exceeding the Maximum Assessment. If the Administrator determines that the resulting Assessment for Lot Type 1 exceeds the Maximum Assessment, then (1) the Assessment applicable to Lot Type 1 shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat.

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 City 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 to the City 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 costs estimated herein, each Assessment shall be reduced on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Any excess PID Bond

proceeds remaining as a result of a cost savings for Authorized Improvements shall be applied to redeem the applicable series of outstanding PID Bonds. Any such reduction in the costs of the Authorized Improvements shall also reduce the Reimbursement Obligation under the related Reimbursement Agreement. The Assessments for each Improvement Area shall not, however, be reduced to an amount less than the related outstanding PID Bonds.

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

Similarly, if a portion of the Authorized Improvements to be funded with a series of PID Bonds or pursuant to a Reimbursement Agreement are not undertaken resulting in excess PID Bond proceeds or excess Assessment revenues, then the City may, in its discretion (i) in accordance with the applicable Indenture, reduce the Assessment for each Assessed Property securing the applicable PID Bonds on a pro-rata basis, or as otherwise determined by the City in accordance with the Indenture, to reflect only the Actual Costs that were expended and deposit and apply such excess PID Bond proceeds as described in the paragraph above or as authorized in the Indenture or (ii) reduce the applicable Improvement Area Assessment and the corresponding Reimbursement Obligation.

The Assessments shall not be reduced to an amount less than the amount due on the related outstanding series of PID Bonds and any related Reimbursement Obligation, as such Reimbursement Obligation may be reduced pursuant to this Section. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Assessed Properties from the Authorized Improvements completed.

If all the Authorized Improvements are not undertaken in any Improvement Area resulting in excess PID Bonds proceeds and excess Assessment revenues, then the City shall, at its discretion (i) in accordance with the applicable Indenture, reduce Assessments and Annual Installments for each applicable Assessed Property on a pro-rata basis to reflect only the amounts required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, Annual Collection Costs, and/or (ii) reduce the outstanding Reimbursement Obligation relating to the applicable Reimbursement Agreement and reduce the applicable Assessments and Annual Installments to reflect only the amount required to repay the resulting reduced Reimbursement Obligation, if any. The applicable excess PID Bond proceeds shall be applied to redeem PID Bonds as set forth in the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the amount due on the related outstanding PID Bonds.

The City Council may reduce the Assessments and the Annual Installments for Assessed Property (1) in an amount that represents the Authorized Improvements provided for each property; (2) by an equal percentage per Residential Lot; or (3) In any other manner determined by the City Council to be the most fair and practical means of reducing the Assessments for Assessed Property, such that the sum of the resulting reduced Assessments equals the amount required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, the Annual Collection Costs portion of the Assessment, and any Reimbursement Obligation.

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any portion of an Assessment in accordance with the PID Act, including all Prepayment Costs. If Prepayments will result in redemption of PID Bonds, the payment amount shall be reduced by the amount, if any, of reserve funds applied to the redemption under the Indenture, net of any other costs applicable to the redemption of PID Bonds as set forth in 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 the principal portion of an Assessment is paid in full, with interest accrued to the date of Prepayment: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval 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 K**.

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

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

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. The owner 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.

Following the initiation of the Taking, the Administrator will be required to determine the portion of the Assessment that was levied against the Assessed Property that would have been allocated to the Taken Property prior to its reclassification as Non-Benefitted Property based on a manner that results in imposing equal shares of the costs of the applicable Authorized Improvements on property similarly benefitted.

The owner shall make a Prepayment of the Assessment in an amount equal to the amount determined by the Administrator in the above paragraph prior to the transfer of ownership of the Taken Property.

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, and the Owner shall owe $10 as a prepayment for the Taken Property.

Notwithstanding the previous paragraphs in this subsection if the Administrator determines that the Taking prevents the Remaining Property from being developed as shown on the final plat, the owner shall be required to prepay the total amount of the Assessment levied against the Remaining Property within sixty (60) days of such determination.

G. Payment of Assessment in Annual Installments

Exhibit G-1 shows the projected Annual Installments, **Exhibit G-2** shows the Lot Type 1 Annual Installments. 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.

If any Parcel shown on the Assessment Roll is assigned multiple tax identification numbers, the Annual Installment shall be allocated pro rata based on the acreage of the property as shown by Harris County Appraisal District for each tax identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Property for which Assessments remain unpaid based on the amount of the outstanding Assessment on each Assessed Property. 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.

Foreclosure 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, Indenture, and Development Agreement. 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 relating to PID Bonds issued for Improvement Area #1 shall be due when billed and shall be delinquent if not paid prior to February 1, 2021.

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

H. Allocating Annual Installments if Assessed Property is Sold

If Assessed Property is sold, the Annual Installment shall be allocated between the buyer and seller in the same methodology as property taxes.

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 Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

As Future Neighborhood Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment for each Lot located within such Future Improvement Areas.

SECTION VIII: ADDITIONAL PROVISIONS

A. Administrative Review

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

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

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council, shall be conclusive as long as there is a reasonable basis for such

determination. This procedure shall be exclusive and its exhaustion by any property Owner shall be a condition precedent to any other appeal or legal action by such Owner.

B. Termination of Assessments

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the Owner of the affected Assessed Property a recordable "Notice of the PID Assessment Termination," attached hereto as **Exhibit K**.

C. 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; (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan; and (4) for any other purpose authorized by the PID Act.

D. 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 by 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.

E. Severability

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

LIST OF EXHIBITS

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

Exhibit A	District Legal Description
Exhibit B	District Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan
Exhibit E	Sources and Uses
Exhibit F	Improvement Area #1 Assessment Roll
Exhibit G-1	Improvement Area #1 Annual Installments
Exhibit G-2	Lot Type 1 Annual Installments
Exhibit H	Maximum Assessment and Special Benefit per Lot Type
Exhibit I	Concept Plan
Exhibit J	Improvement Area #1 Improvements Map
Exhibit K	Notice of PID Assessment Termination
Exhibit L	Improvement Area #1 Plat

EXHIBIT A – DISTRICT LEGAL DESCRIPTION

105.0452 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352, 353, 355, 356, 358, 359, 361, 362, 363, 364, 365, a portion of Outlot 354 all as shown on the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, all of that certain called 0.2616 of one acre, 0.7990 of one acre and 0.2732 of one acre of land all described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number RP-2019-400099, said 105.0452 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of an Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 162.27 feet to the Northwesterly corner of said 0.2616 acre tract;

Thence, N 87°47'53" E, along the Southerly line of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 508.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffsmith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffsmith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane and a projection thereof, at 476.29 feet pass the Southeasterly corner of said 0.2616 acre tract, in all a total distance of 506.29 feet to the Southwesterly corner of said 0.2616 acre tract;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 832.20 feet to the Northwesterly corner of said 0.2732 acre tract;

Thence, N 87°15'10" E, along the Southerly line of that certain Reserve “B” of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 572.96 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of that certain Reserve “C” of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve “C”, a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk’s File Number G259047 and the Northeasterly corner of said Outlot 368;

Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368 and a projection thereof, at 542.93 feet pass the Southeasterly corner of said 0.2732 acre tract, in all a total distance of 572.93 feet to the Southwesterly corner of said 0.2732 acre tract;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 496.74 feet to a 5/8 inch iron rod with cap set for the Southeasterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of that certain Outlot 366 of said Corrected Map of Tomball Outlots and said Outlot 367, a distance of 1,162.57 feet to a PK Nail found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 366 and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 3,772.74 feet to the POINT OF BEGINNING and containing 105.0452 acres of land.

EXHIBIT B – DISTRICT BOUNDARY MAP

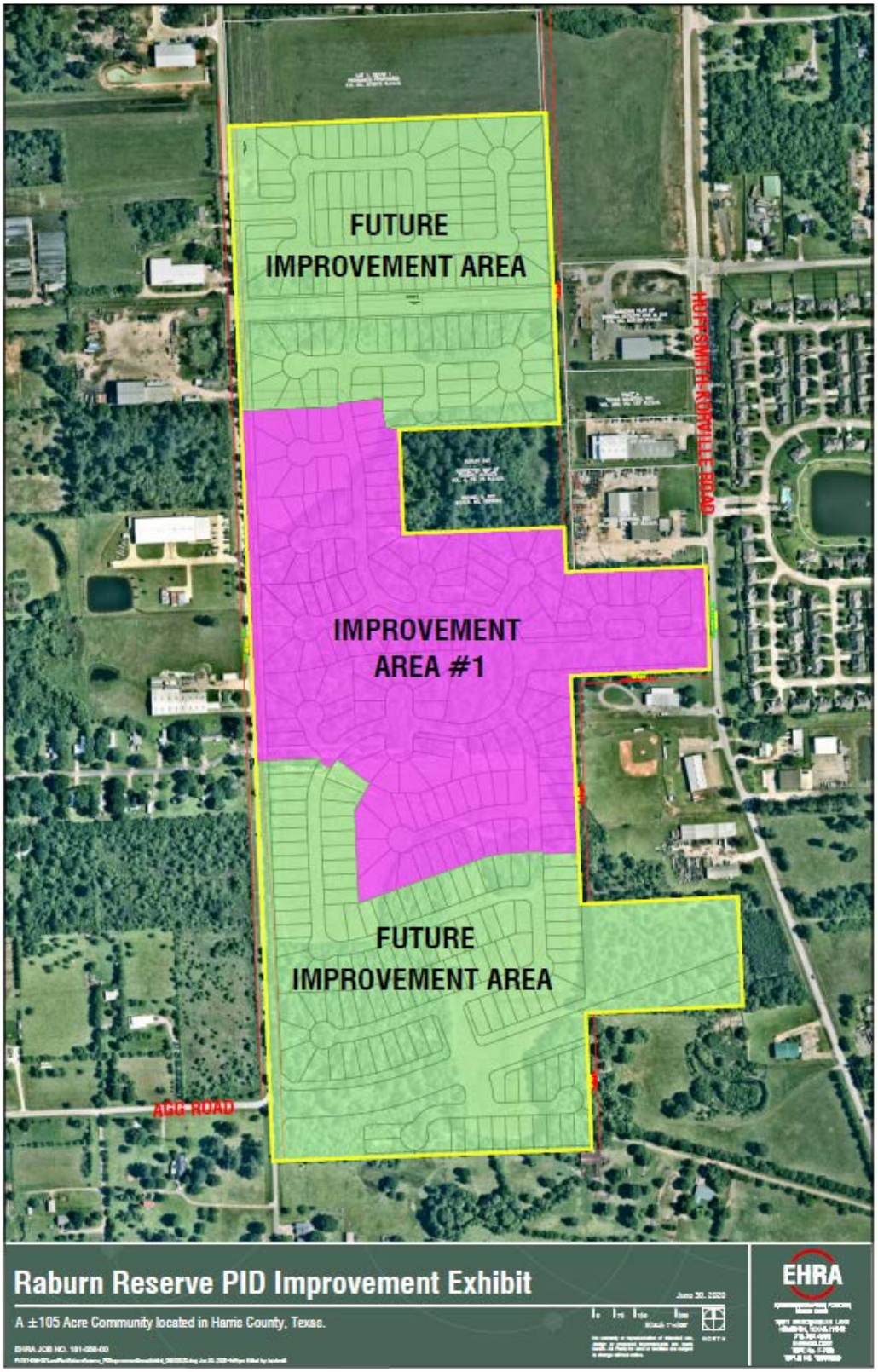


EXHIBIT C – AUTHORIZED IMPROVEMENTS

Authorized Improvements	Total Costs [a]	Improvement Area #1 %	Improvement Area #1 Cost
Improvement Area #1 Improvements			
Roadway [b]	1,882,152	100.00%	$ 1,882,152
Water	212,679	100.00%	212,679
Wastewater	499,294	100.00%	499,294
Storm Water [c]	1,362,175	100.00%	1,362,175
Natural Gas	150,840	100.00%	150,840
Soft Costs [d]	760,656	100.00%	760,656
	$ 4,867,795		$ 4,867,795
Bond Issuance Costs [e]			
District Formation Costs	$ 150,000		$ 150,000
Debt Service Reserve Fund	231,113		231,113
Capitalized Interest	112,396		112,396
Deposit to Delinquency and Prepayment Reserve	20,900		20,900
Deposit to Administrative Expense Fund	60,000		60,000
Underwriter's Discount	200,000		200,000
Cost of Issuance	309,000		309,000
	$ 1,083,408		$ 1,083,408
Total	**$ 5,951,204**		**$ 5,951,204**

Footnotes:

[a] Costs pursuant to EHRA Engineering's Preliminary Cost Estimate.

[b] Roadway includes excavation, paving, clearing, grubbing and site prep.

[c] Storm Water includes on and off-site costs as well as storm water pollution prevention plan.

[d] Soft Costs include engineering fees, geotech and construction materials testing fees and construction staking fees.

[e] Bond Issuance Costs include estimated costs for issuing PID Bonds to refund the Improvement Area #1 Reimbursement Obligation.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Annual Installments Due		**1/31/2021**	**1/31/2022**	**1/31/2023**	**1/31/2024**	**1/31/2025**
Improvement Area #1 Series A Bonds						
Principal		$ -	$ 35,000.00	$ 40,000.00	$ 40,000.00	$ 45,000.00
Interest		$ 112,395.83	$ 124,500.00	$ 122,750.00	$ 120,750.00	$ 118,750.00
Capitalized Interest		$ (112,395.83)	$ -	$ -	$ -	$ -
	(1)	$ -	$ 159,500.00	$ 162,750.00	$ 160,750.00	$ 163,750.00
Improvement Area #1 Reimbursement Obligation						
Principal		$ -	$ 30,000.00	$ 25,000.00	$ 30,000.00	$ 30,000.00
Interest		$ -	$ 80,275.00	$ 78,850.00	$ 77,662.50	$ 76,237.50
	(2)	$ -	$ 110,275.00	$ 103,850.00	$ 107,662.50	$ 106,237.50
Annual Collection Costs	(3)	$ -	$ 53,000.00	$ 53,000.00	$ 53,000.00	$ 53,000.00
Prepayment and Delinquency Reserve	(4)	$ -	$ 12,450.00	$ 12,275.00	$ 12,075.00	$ 11,875.00
Total Annual Installment	**(5)=(1)+(2)+(3)+(4)**	**$ -**	**$ 335,225.00**	**$ 331,875.00**	**$ 333,487.50**	**$ 334,862.50**
Total Annual Expenditures	(6)	$ 2,525,779.00	$ 2,342,015.00	$ -	$ -	$ -

Preliminary and subject to change.

EXHIBIT E – SOURCES AND USES

	Improvement Area #1 Series A Bond	Improvement Area #1 Reimbursement Obligation	Developer Contribution	Improvement Area #1 Total
Sources of Funds				
Improvement Area #1 Series A Bond	$ 2,490,000	$ -	$ -	$ 2,490,000
Improvement Area #1 Reimbursement Obligation	-	1,690,000	-	1,690,000
Developer Contribution	-	-	1,771,204	1,771,204
Total Sources	**$ 2,490,000**	**$ 1,690,000**	**$ 1,771,204**	**$ 5,951,204**
Uses of Funds				
Improvement Area #1 Improvements	$ 1,857,154	$ 1,389,438	$ 1,621,204	$ 4,867,795
Bond Issuance Costs				
District Formation Costs	$ -	$ -	$ 150,000	$ 150,000
Debt Service Reserve Fund	173,500	57,613	-	231,113
Capitalized Interest	112,396	-	-	112,396
Deposit to Delinquency and Prepayment Reserve	12,450	8,450	-	20,900
Deposit to Administrative Expense Fund	60,000	-	-	60,000
Underwriter's Discount	100,000	100,000	-	200,000
Cost of Issuance	174,500	134,500	-	309,000
	$ 632,846	**$ 300,563**	**$ 150,000**	**$ 1,083,408**
Total Uses	**$ 2,490,000**	**$ 1,690,000**	**$ 1,771,204**	**$ 5,951,204**

Note: Bond Issuance Costs are estiamtes and will be updated at the time of bond issuance.

Preliminary and subject to change.

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

		Improvement Area #1	
Lot and Block	Lot Type	Outstanding Assessment	Annual Installment due 1/31/21[1]
Block 1, Lot 1	1	$ 31,428.57	$ -
Block 1, Lot 2	1	$ 31,428.57	$ -
Block 1, Lot 3	1	$ 31,428.57	$ -
Block 1, Lot 4	1	$ 31,428.57	$ -
Block 1, Lot 5	1	$ 31,428.57	$ -
Block 1, Lot 6	1	$ 31,428.57	$ -
Block 1, Lot 7	1	$ 31,428.57	$ -
Block 1, Lot 8	1	$ 31,428.57	$ -
Block 1, Lot 9	1	$ 31,428.57	$ -
Block 1, Lot 10	1	$ 31,428.57	$ -
Block 1, Lot 11	1	$ 31,428.57	$ -
Block 1, Lot 12	1	$ 31,428.57	$ -
Block 1, Lot 13	1	$ 31,428.57	$ -
Block 1, Lot 14	1	$ 31,428.57	$ -
Block 1, Lot 15	1	$ 31,428.57	$ -
Block 1, Lot 16	1	$ 31,428.57	$ -
Block 1, Lot 17	1	$ 31,428.57	$ -
Block 1, Lot 18	1	$ 31,428.57	$ -
Block 1, Lot 19	1	$ 31,428.57	$ -
Block 1, Lot 20	1	$ 31,428.57	$ -
Block 1, Lot 21	1	$ 31,428.57	$ -
Block 1, Lot 22	1	$ 31,428.57	$ -
Block 1, Lot 23	1	$ 31,428.57	$ -
Block 1, Lot 24	1	$ 31,428.57	$ -
Block 1, Lot 25	1	$ 31,428.57	$ -
Block 1, Lot 26	1	$ 31,428.57	$ -
Block 1, Lot 27	1	$ 31,428.57	$ -
Block 1, Lot 28	1	$ 31,428.57	$ -
Block 1, Lot 29	1	$ 31,428.57	$ -
Block 1, Lot 30	1	$ 31,428.57	$ -
Block 1, Lot 31	1	$ 31,428.57	$ -
Block 1, Lot 32	1	$ 31,428.57	$ -
Block 1, Lot 33	1	$ 31,428.57	$ -
Block 1, Lot 34	1	$ 31,428.57	$ -
Block 1, Lot 35	1	$ 31,428.57	$ -
Block 1, Lot 36	1	$ 31,428.57	$ -
Block 1, Lot 37	1	$ 31,428.57	$ -
Block 1, Lot 38	1	$ 31,428.57	$ -
Block 1, Lot 39	1	$ 31,428.57	$ -
Block 1, Lot 40	1	$ 31,428.57	$ -

Preliminary and subject to change.

Lot and Block	Lot Type	Improvement Area #1 Outstanding Assessment	Improvement Area #1 Annual Installment due 1/31/21[1]
Block 1, Lot 41	1	$ 31,428.57	$ -
Block 1, Lot 42	1	$ 31,428.57	$ -
Block 1, Lot 43	1	$ 31,428.57	$ -
Block 1, Lot 44	1	$ 31,428.57	$ -
Block 1, Lot 45	1	$ 31,428.57	$ -
Block 1, Lot 46	1	$ 31,428.57	$ -
Block 1, Lot 47	1	$ 31,428.57	$ -
Block 1, Lot 48	1	$ 31,428.57	$ -
Block 1, Lot 49	1	$ 31,428.57	$ -
Block 1, Lot 50	1	$ 31,428.57	$ -
Block 1, Lot 51	1	$ 31,428.57	$ -
Block 1, Lot 52	1	$ 31,428.57	$ -
Block 1, Lot 53	1	$ 31,428.57	$ -
Block 1, Lot 54	1	$ 31,428.57	$ -
Block 1, Lot 55	1	$ 31,428.57	$ -
Block 1, Lot 56	1	$ 31,428.57	$ -
Block 2, Lot 1	1	$ 31,428.57	$ -
Block 2, Lot 2	1	$ 31,428.57	$ -
Block 2, Lot 3	1	$ 31,428.57	$ -
Block 2, Lot 4	1	$ 31,428.57	$ -
Block 2, Lot 5	1	$ 31,428.57	$ -
Block 2, Lot 6	1	$ 31,428.57	$ -
Block 2, Lot 7	1	$ 31,428.57	$ -
Block 2, Lot 8	1	$ 31,428.57	$ -
Block 2, Lot 9	1	$ 31,428.57	$ -
Block 2, Lot 10	1	$ 31,428.57	$ -
Block 2, Lot 11	1	$ 31,428.57	$ -
Block 2, Lot 12	1	$ 31,428.57	$ -
Block 2, Lot 13	1	$ 31,428.57	$ -
Block 2, Lot 14	1	$ 31,428.57	$ -
Block 2, Lot 15	1	$ 31,428.57	$ -
Block 2, Lot 16	1	$ 31,428.57	$ -
Block 2, Lot 17	1	$ 31,428.57	$ -
Block 2, Lot 18	1	$ 31,428.57	$ -
Block 2, Lot 19	1	$ 31,428.57	$ -
Block 2, Lot 20	1	$ 31,428.57	$ -
Block 2, Lot 21	1	$ 31,428.57	$ -
Block 2, Lot 22	1	$ 31,428.57	$ -
Block 2, Lot 23	1	$ 31,428.57	$ -
Block 2, Lot 24	1	$ 31,428.57	$ -
Block 2, Lot 25	1	$ 31,428.57	$ -
Block 2, Lot 26	1	$ 31,428.57	$ -
Block 2, Lot 27	1	$ 31,428.57	$ -
Block 2, Lot 28	1	$ 31,428.57	$ -
Block 2, Lot 29	1	$ 31,428.57	$ -
Block 2, Lot 30	1	$ 31,428.57	$ -
Block 2, Lot 31	1	$ 31,428.57	$ -
Block 2, Lot 32	1	$ 31,428.57	$ -
Block 3, Lot 1	1	$ 31,428.57	$ -
Block 3, Lot 2	1	$ 31,428.57	$ -

Preliminary and subject to change.

		Improvement Area #1	
Lot and Block	Lot Type	Outstanding Assessment	Annual Installment due 1/31/21[1]
Block 3, Lot 3	1	$ 31,428.57	$ -
Block 3, Lot 4	1	$ 31,428.57	$ -
Block 3, Lot 5	1	$ 31,428.57	$ -
Block 3, Lot 6	1	$ 31,428.57	$ -
Block 3, Lot 7	1	$ 31,428.57	$ -
Block 3, Lot 8	1	$ 31,428.57	$ -
Block 3, Lot 9	1	$ 31,428.57	$ -
Block 3, Lot 10	1	$ 31,428.57	$ -
Block 3, Lot 11	1	$ 31,428.57	$ -
Block 4, Lot 1	1	$ 31,428.57	$ -
Block 4, Lot 2	1	$ 31,428.57	$ -
Block 4, Lot 3	1	$ 31,428.57	$ -
Block 4, Lot 4	1	$ 31,428.57	$ -
Block 4, Lot 5	1	$ 31,428.57	$ -
Block 4, Lot 6	1	$ 31,428.57	$ -
Block 4, Lot 7	1	$ 31,428.57	$ -
Block 4, Lot 8	1	$ 31,428.57	$ -
Block 4, Lot 9	1	$ 31,428.57	$ -
Block 4, Lot 10	1	$ 31,428.57	$ -
Block 4, Lot 11	1	$ 31,428.57	$ -
Block 4, Lot 12	1	$ 31,428.57	$ -
Block 4, Lot 13	1	$ 31,428.57	$ -
Block 4, Lot 14	1	$ 31,428.57	$ -
Block 4, Lot 15	1	$ 31,428.57	$ -
Block 4, Lot 16	1	$ 31,428.57	$ -
Block 4, Lot 17	1	$ 31,428.57	$ -
Block 4, Lot 18	1	$ 31,428.57	$ -
Block 4, Lot 19	1	$ 31,428.57	$ -
Block 4, Lot 20	1	$ 31,428.57	$ -
Block 4, Lot 21	1	$ 31,428.57	$ -
Block 4, Lot 22	1	$ 31,428.57	$ -
Block 4, Lot 23	1	$ 31,428.57	$ -
Block 4, Lot 24	1	$ 31,428.57	$ -
Block 4, Lot 25	1	$ 31,428.57	$ -
Block 4, Lot 26	1	$ 31,428.57	$ -
Block 4, Lot 27	1	$ 31,428.57	$ -
Block 4, Lot 28	1	$ 31,428.57	$ -
Block 4, Lot 29	1	$ 31,428.57	$ -
Block 4, Lot 30	1	$ 31,428.57	$ -
Block 4, Lot 31	1	$ 31,428.57	$ -
Block 4, Lot 32	1	$ 31,428.57	$ -
Block 4, Lot 33	1	$ 31,428.57	$ -
Block 4, Lot 34	1	$ 31,428.57	$ -
Total		**$ 4,180,000.00**	**$ -**

[1] These lots have not been assigned a Property ID by the Harris County Appraisal District. Capitalized interest will cover the debt service requirements through the first installment which is due 1/31/2022. The Outstanding Assessment shown is the principal portion of the Assessment only and does not include accrued interest. Totals may not sum due to rounding.

Preliminary and subject to change.

EXHIBIT G-1 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

	Improvement Area #1 Series A Bonds			IA #1 Reimbursement Obligation				
Annual Installments Due	Principal	Interest[1]	Capitalized Interest	Principal	Interest[2]	Additional Interest	Annual Collection Costs[3]	Total Annual Installment
1/31/2021	$ -	$ 112,396	$ (112,396)	$ -	$ -	$ -	$ -	$ -
1/31/2022	$ 35,000	$ 124,500	$ -	$ 30,000	$ 80,275	$ 12,450	$ 53,000	$ 335,225
1/31/2023	$ 40,000	$ 122,750	$ -	$ 25,000	$ 78,850	$ 12,275	$ 53,000	$ 331,875
1/31/2024	$ 40,000	$ 120,750	$ -	$ 30,000	$ 77,663	$ 12,075	$ 53,000	$ 333,488
1/31/2025	$ 45,000	$ 118,750	$ -	$ 30,000	$ 76,238	$ 11,875	$ 53,000	$ 334,863
1/31/2026	$ 45,000	$ 116,500	$ -	$ 35,000	$ 74,813	$ 11,650	$ 53,000	$ 335,963
1/31/2027	$ 50,000	$ 114,250	$ -	$ 30,000	$ 73,150	$ 11,425	$ 53,000	$ 331,825
1/31/2028	$ 50,000	$ 111,750	$ -	$ 35,000	$ 71,725	$ 11,175	$ 53,000	$ 332,650
1/31/2029	$ 55,000	$ 109,250	$ -	$ 35,000	$ 70,063	$ 10,925	$ 53,000	$ 333,238
1/31/2030	$ 55,000	$ 106,500	$ -	$ 40,000	$ 68,400	$ 10,650	$ 53,000	$ 333,550
1/31/2031	$ 60,000	$ 103,750	$ -	$ 40,000	$ 66,500	$ 10,375	$ 53,000	$ 333,625
1/31/2032	$ 65,000	$ 100,750	$ -	$ 40,000	$ 64,600	$ 10,075	$ 53,000	$ 333,425
1/31/2033	$ 65,000	$ 97,500	$ -	$ 45,000	$ 62,700	$ 9,750	$ 53,000	$ 332,950
1/31/2034	$ 70,000	$ 94,250	$ -	$ 50,000	$ 60,563	$ 9,425	$ 53,000	$ 337,238
1/31/2035	$ 75,000	$ 90,750	$ -	$ 50,000	$ 58,188	$ 9,075	$ 53,000	$ 336,013
1/31/2036	$ 80,000	$ 87,000	$ -	$ 50,000	$ 55,813	$ 8,700	$ 53,000	$ 334,513
1/31/2037	$ 80,000	$ 83,000	$ -	$ 60,000	$ 53,438	$ 8,300	$ 53,000	$ 337,738
1/31/2038	$ 85,000	$ 79,000	$ -	$ 60,000	$ 50,588	$ 7,900	$ 53,000	$ 335,488
1/31/2039	$ 90,000	$ 74,750	$ -	$ 65,000	$ 47,738	$ 7,475	$ 53,000	$ 337,963
1/31/2040	$ 95,000	$ 70,250	$ -	$ 65,000	$ 44,650	$ 7,025	$ 53,000	$ 334,925
1/31/2041	$ 100,000	$ 65,500	$ -	$ 70,000	$ 41,563	$ 6,550	$ 53,000	$ 336,613
1/31/2042	$ 105,000	$ 60,500	$ -	$ 75,000	$ 38,238	$ 6,050	$ 53,000	$ 337,788
1/31/2043	$ 115,000	$ 55,250	$ -	$ 75,000	$ 34,675	$ 5,525	$ 53,000	$ 338,450
1/31/2044	$ 120,000	$ 49,500	$ -	$ 80,000	$ 31,113	$ 4,950	$ 53,000	$ 338,563
1/31/2045	$ 125,000	$ 43,500	$ -	$ 85,000	$ 27,313	$ 4,350	$ 53,000	$ 338,163
1/31/2046	$ 135,000	$ 37,250	$ -	$ 85,000	$ 23,275	$ 3,725	$ 53,000	$ 337,250
1/31/2047	$ 140,000	$ 30,500	$ -	$ 95,000	$ 19,238	$ 3,050	$ 53,000	$ 340,788
1/31/2048	$ 150,000	$ 23,500	$ -	$ 95,000	$ 14,725	$ 2,350	$ 53,000	$ 338,575
1/31/2049	$ 155,000	$ 16,000	$ -	$ 105,000	$ 10,213	$ 1,600	$ 53,000	$ 340,813
1/31/2050	$ 165,000	$ 8,250	$ -	$ 110,000	$ 5,225	$ 825	$ 53,000	$ 342,300
Total	**$ 2,490,000**	**$ 2,428,146**	**$ (112,396)**	**$ 1,690,000**	**$ 1,481,525**	**$ 231,575**	**$ 1,537,000**	**$ 9,745,850**

[1] Interest on the Improvement Area #1 Bonds is calculated at a 5.00% rate.

[2] Interest on the Improvement Area #1 Reimbursement Obligation is calculated at a 4.75% rate.

[3] $60 per lot ($7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

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.

Preliminary and subject to change.

EXHIBIT G-2 – LOT TYPE 1 ANNUAL INSTALLMENTS

	Improvement Area #1 Series A Bonds			IA #1 Reimbursement Obligation				
Annual Installments Due	Principal	Interest[1]	Capitalized Interest	Principal	Interest[2]	Additional Interest	Annual Collection Costs	Total Annual Installment
1/31/2021	$ -	$ 845.08	$ (845.08)	$ -	$ -	$ -	$ -	$ -
1/31/2022	$ 263.16	$ 936.09	$ -	$ 225.56	$ 603.57	$ 93.61	$ 398.50	$ 2,520.49
1/31/2023	$ 300.75	$ 922.93	$ -	$ 187.97	$ 592.86	$ 92.29	$ 398.50	$ 2,495.30
1/31/2024	$ 300.75	$ 907.89	$ -	$ 225.56	$ 583.93	$ 90.79	$ 398.50	$ 2,507.42
1/31/2025	$ 338.35	$ 892.86	$ -	$ 225.56	$ 573.21	$ 89.29	$ 398.50	$ 2,517.76
1/31/2026	$ 338.35	$ 875.94	$ -	$ 263.16	$ 562.50	$ 87.59	$ 398.50	$ 2,526.03
1/31/2027	$ 375.94	$ 859.02	$ -	$ 225.56	$ 550.00	$ 85.90	$ 398.50	$ 2,494.92
1/31/2028	$ 375.94	$ 840.23	$ -	$ 263.16	$ 539.29	$ 84.02	$ 398.50	$ 2,501.13
1/31/2029	$ 413.53	$ 821.43	$ -	$ 263.16	$ 526.79	$ 82.14	$ 398.50	$ 2,505.55
1/31/2030	$ 413.53	$ 800.75	$ -	$ 300.75	$ 514.29	$ 80.08	$ 398.50	$ 2,507.89
1/31/2031	$ 451.13	$ 780.08	$ -	$ 300.75	$ 500.00	$ 78.01	$ 398.50	$ 2,508.46
1/31/2032	$ 488.72	$ 757.52	$ -	$ 300.75	$ 485.71	$ 75.75	$ 398.50	$ 2,506.95
1/31/2033	$ 488.72	$ 733.08	$ -	$ 338.35	$ 471.43	$ 73.31	$ 398.50	$ 2,503.38
1/31/2034	$ 526.32	$ 708.65	$ -	$ 375.94	$ 455.36	$ 70.86	$ 398.50	$ 2,535.62
1/31/2035	$ 563.91	$ 682.33	$ -	$ 375.94	$ 437.50	$ 68.23	$ 398.50	$ 2,526.41
1/31/2036	$ 601.50	$ 654.14	$ -	$ 375.94	$ 419.64	$ 65.41	$ 398.50	$ 2,515.13
1/31/2037	$ 601.50	$ 624.06	$ -	$ 451.13	$ 401.79	$ 62.41	$ 398.50	$ 2,539.38
1/31/2038	$ 639.10	$ 593.98	$ -	$ 451.13	$ 380.36	$ 59.40	$ 398.50	$ 2,522.46
1/31/2039	$ 676.69	$ 562.03	$ -	$ 488.72	$ 358.93	$ 56.20	$ 398.50	$ 2,541.07
1/31/2040	$ 714.29	$ 528.20	$ -	$ 488.72	$ 335.71	$ 52.82	$ 398.50	$ 2,518.23
1/31/2041	$ 751.88	$ 492.48	$ -	$ 526.32	$ 312.50	$ 49.25	$ 398.50	$ 2,530.92
1/31/2042	$ 789.47	$ 454.89	$ -	$ 563.91	$ 287.50	$ 45.49	$ 398.50	$ 2,539.76
1/31/2043	$ 864.66	$ 415.41	$ -	$ 563.91	$ 260.71	$ 41.54	$ 398.50	$ 2,544.74
1/31/2044	$ 902.26	$ 372.18	$ -	$ 601.50	$ 233.93	$ 37.22	$ 398.50	$ 2,545.58
1/31/2045	$ 939.85	$ 327.07	$ -	$ 639.10	$ 205.36	$ 32.71	$ 398.50	$ 2,542.58
1/31/2046	$ 1,015.04	$ 280.08	$ -	$ 639.10	$ 175.00	$ 28.01	$ 398.50	$ 2,535.71
1/31/2047	$ 1,052.63	$ 229.32	$ -	$ 714.29	$ 144.64	$ 22.93	$ 398.50	$ 2,562.31
1/31/2048	$ 1,127.82	$ 176.69	$ -	$ 714.29	$ 110.71	$ 17.67	$ 398.50	$ 2,545.68
1/31/2049	$ 1,165.41	$ 120.30	$ -	$ 789.47	$ 76.79	$ 12.03	$ 398.50	$ 2,562.50
1/31/2050	$ 1,240.60	$ 62.03	$ -	$ 827.07	$ 39.29	$ 6.20	$ 398.50	$ 2,573.68
Total	**$ 18,721.80**	**$ 18,256.74**	**$ (845.08)**	**$ 12,706.77**	**$ 11,139.29**	**$ 1,741.17**	**$ 11,556.39**	**$ 73,277.07**

[1] Interest on the Improvement Area #1 Bonds is calculated at a 5.00% rate.

[2] Interest on the Improvement Area #1 Reimbursement Obligation is calculated at a 4.75% rate.

[3] $60 per lot ($7,980 for Improvement Area #1) is budgeted for costs incurred by City staff for administering the PID.

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

Preliminary and subject to change.

EXHIBIT H – MAXIMUM ASSESSMENT AND SPECIAL BENEFIT PER LOT TYPE

Lot Type	Units	Assessment	Maximum Assessment per Lot Type	Special Benefit	Special Benefit per Lot Type
Improvement Area #1					
1	133	$ 4,180,000	$ 31,429	$ 5,951,204	$ 44,746
Total	**133**	**$ 4,180,000**		**$ 5,951,204**	

Note: Subject to the Improvement Area #1 Plat attached as **Exhibit L**.

Preliminary and subject to change.

EXHIBIT I – CONCEPT PLAN

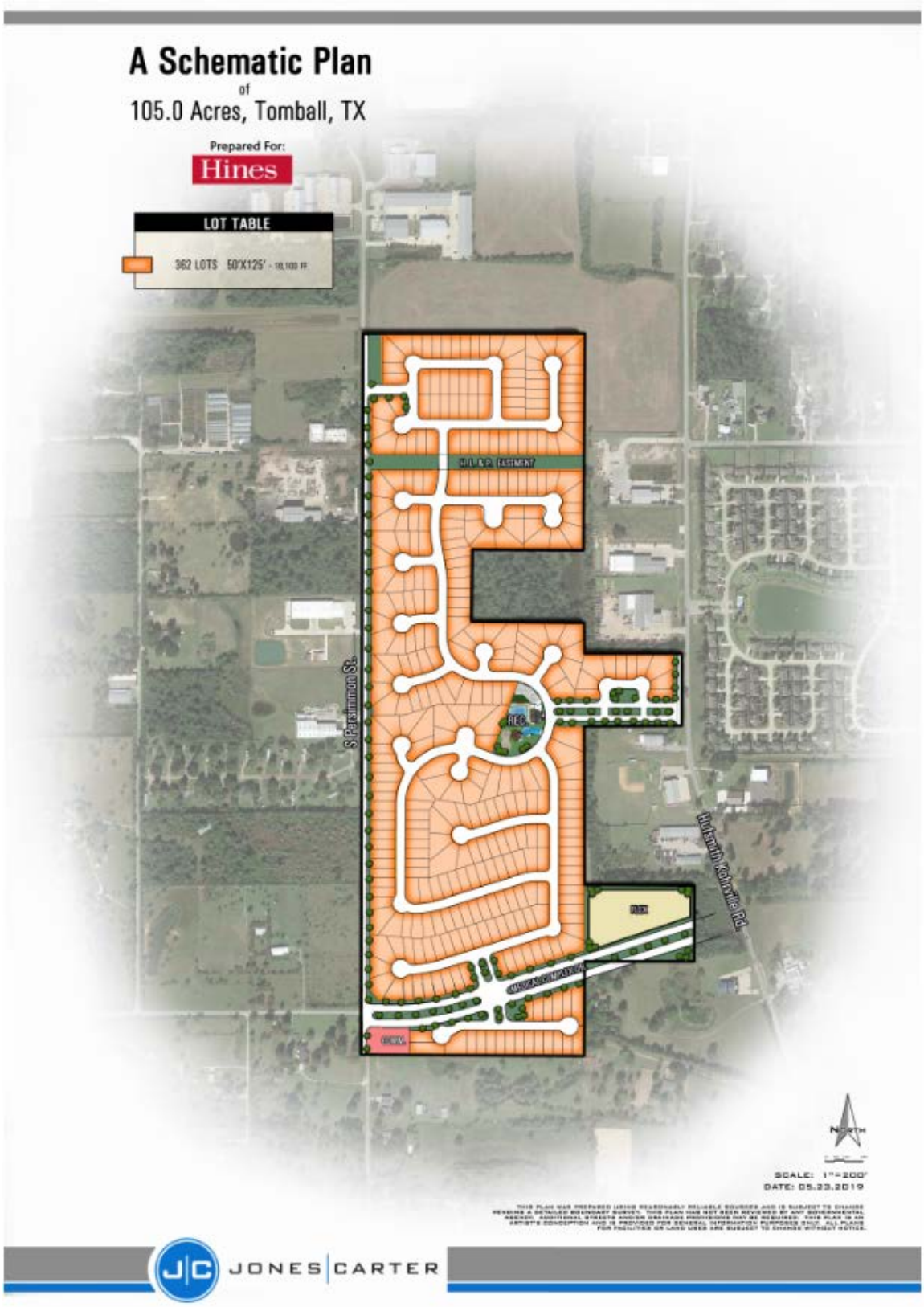
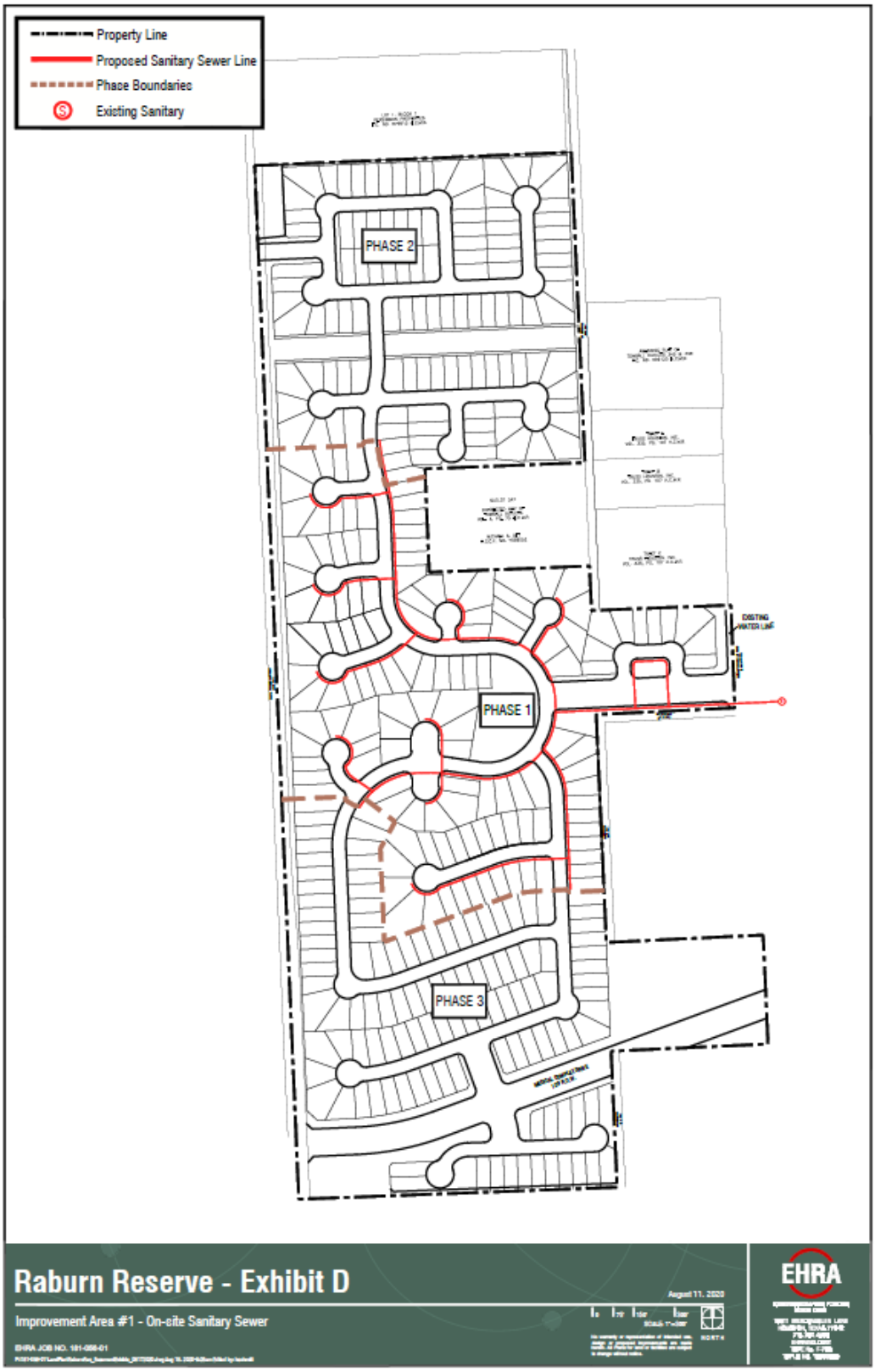
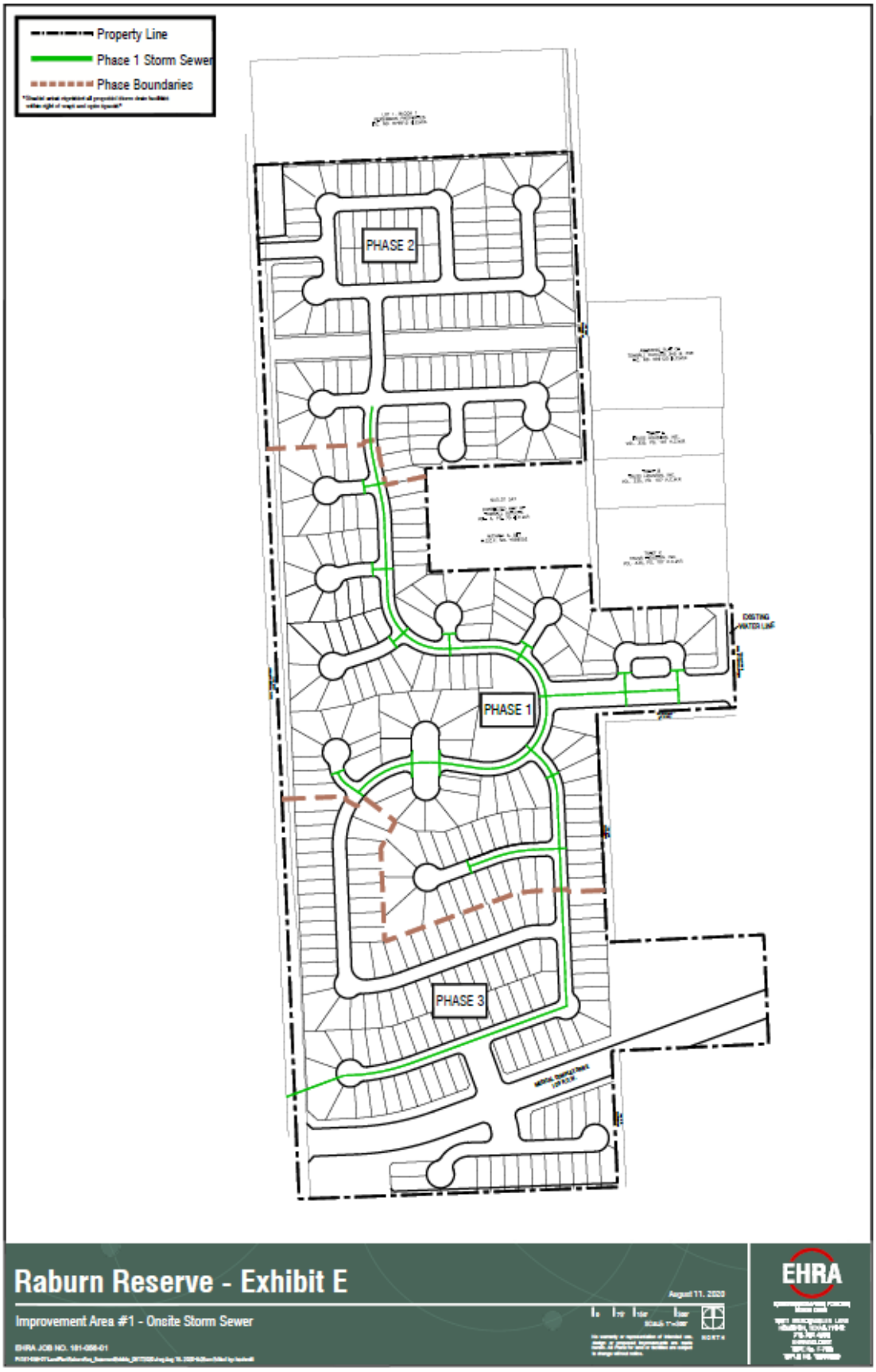
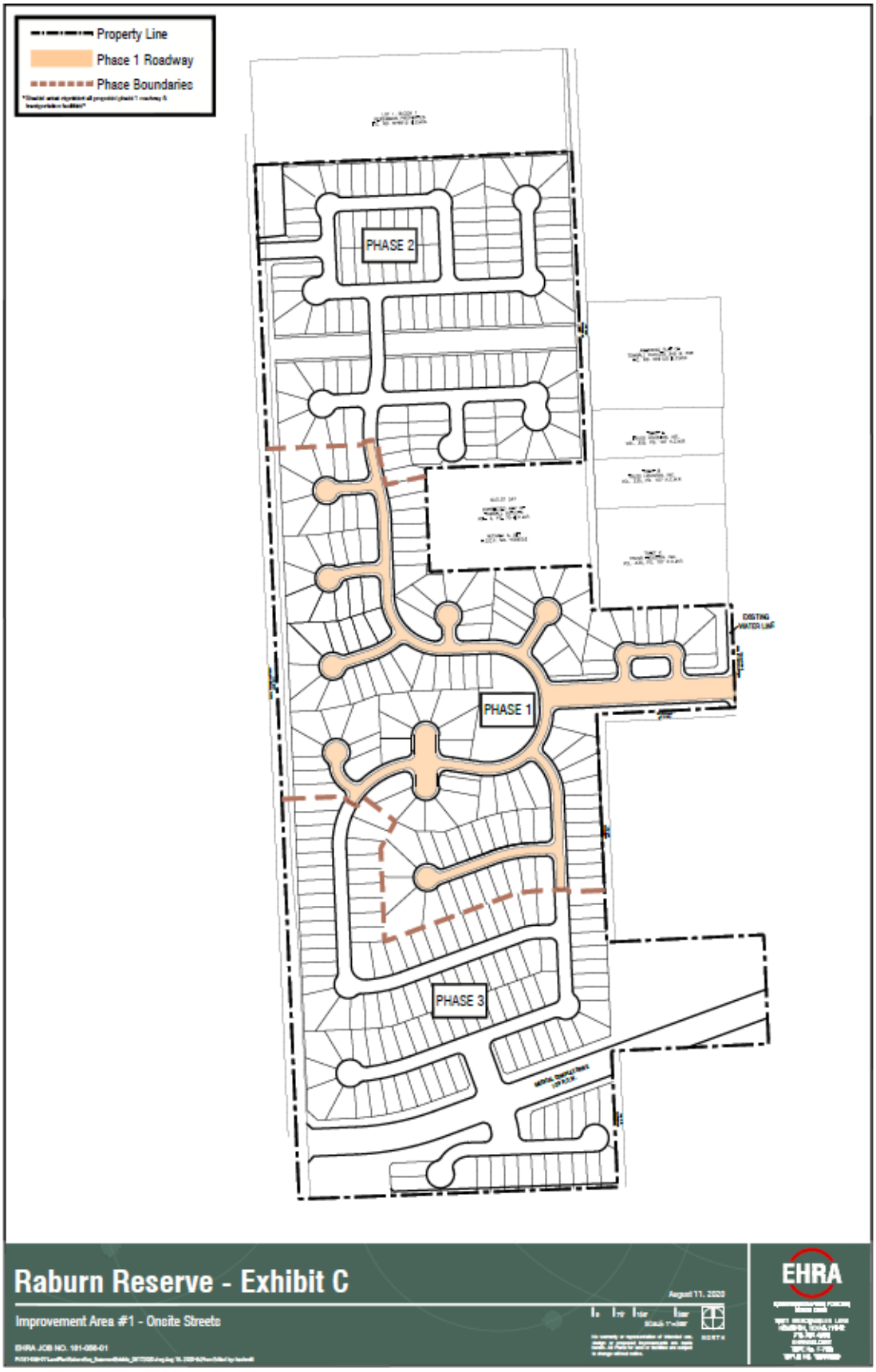
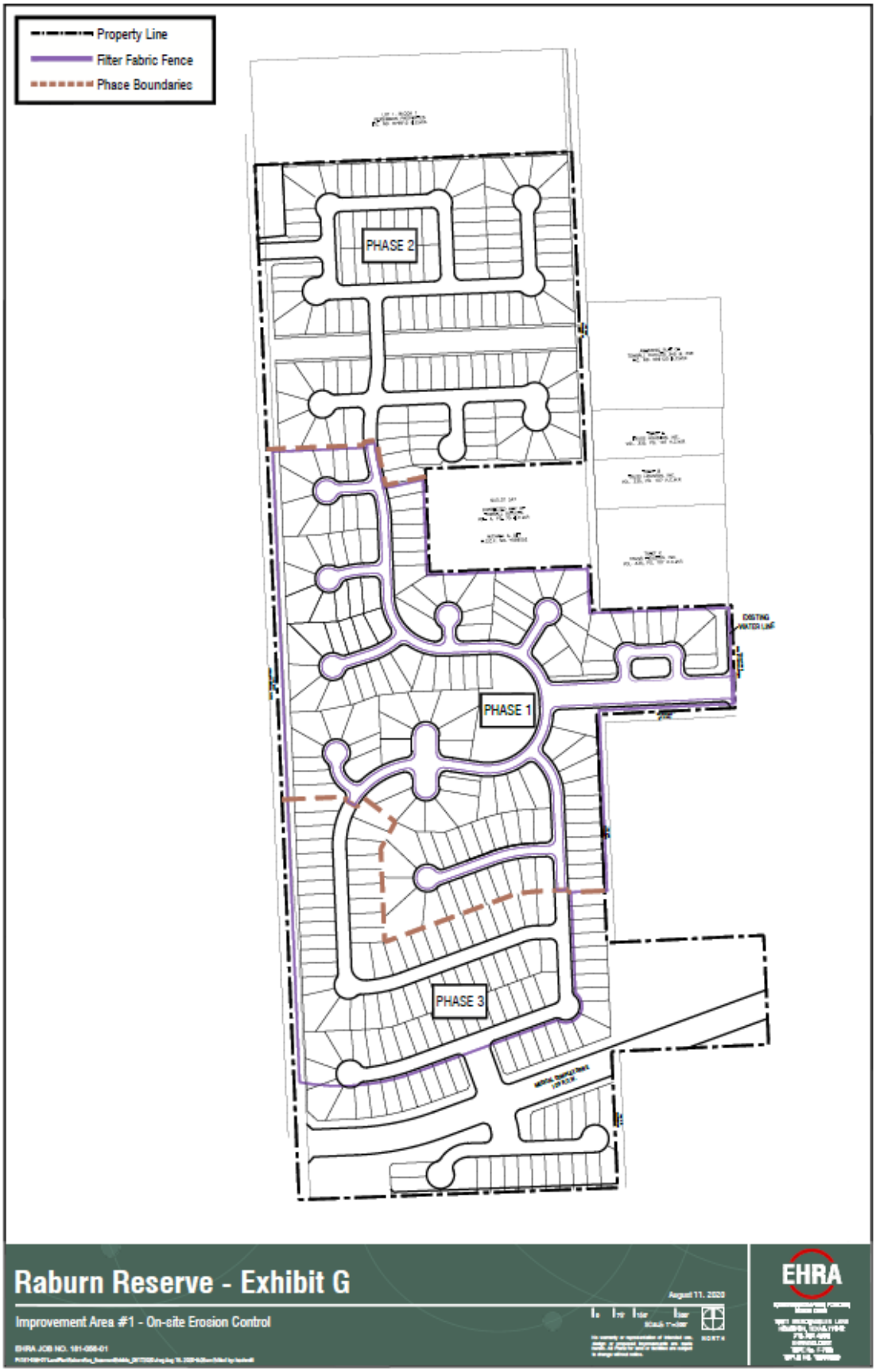


EXHIBIT J– IMPROVEMENT AREA #1 IMPROVEMENTS MAPS




Property Line
Phase 1 Storm Sewer
Phase Boundaries
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit E
Improvement Area #1 - Onsite Storm Sewer
August 11, 2020
EHRA


Property Line
Phase 1 Roadway
Phase Boundaries
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit C
Improvement Area #1 - Onsite Streets
August 11, 2020
EHRA


Property Line
Filter Fabric Fence
Phase Boundaries
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit G
Improvement Area #1 - On-site Erosion Control
August 11, 2020
EHRA JOB NO. 101-056-01
EHRA

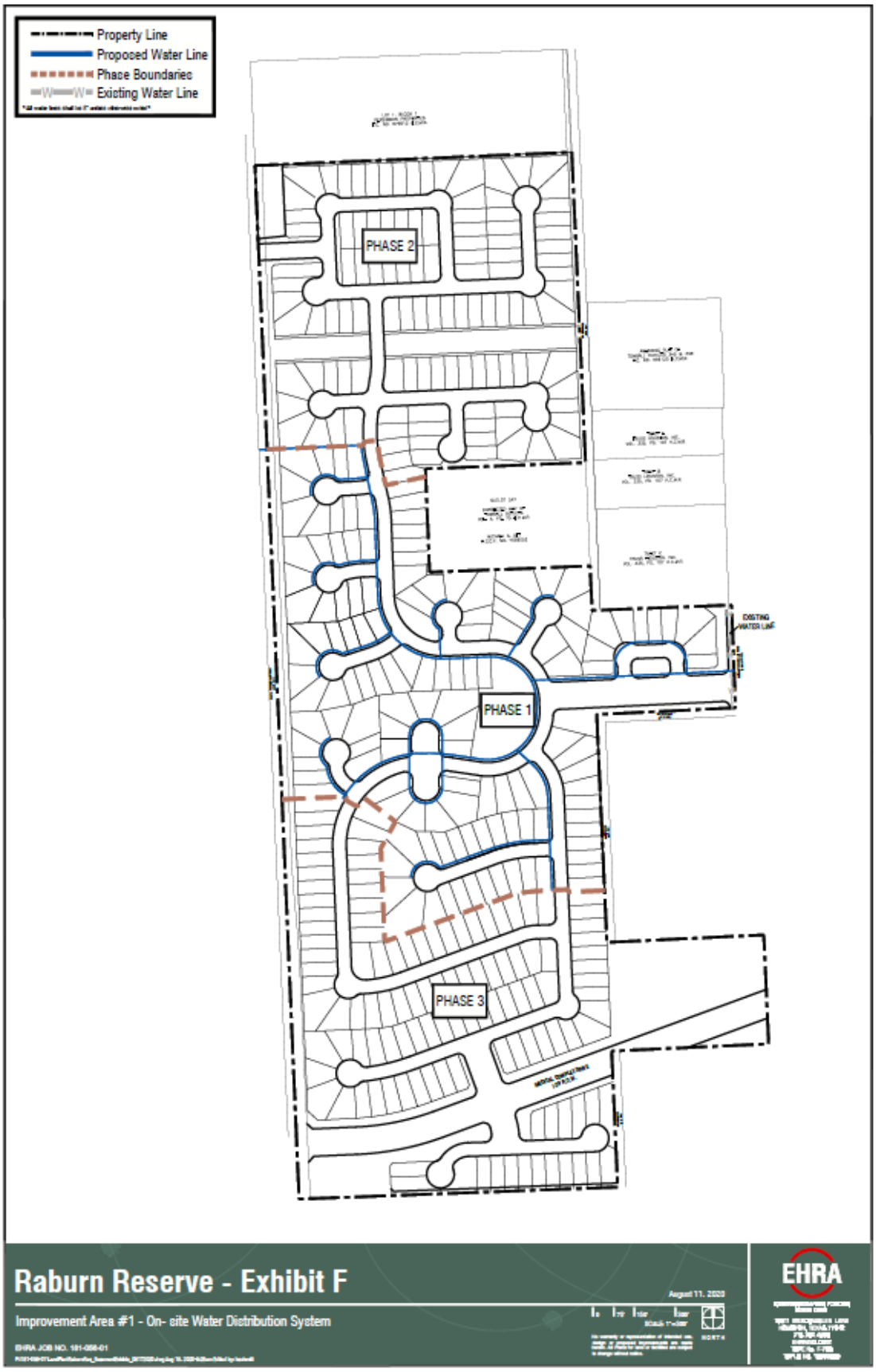

Property Line
Proposed Water Line
Phase Boundaries
Existing Water Line
PHASE 2
PHASE 1
PHASE 3
EXISTING WATER LINE
Raburn Reserve - Exhibit F
Improvement Area #1 - On- site Water Distribution System
August 11, 2020
EHRA

EXHIBIT K – NOTICE OF PID ASSESSMENT TERMINATION

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

[Date]
Harris County Civil Courthouse
Honorable [County Clerk Name]
201 Caroline, Suite 310
Houston, Texas 77002

Re: City of Tomball Lien Release documents for filing

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

Enclosed is a lien release that the City of Tomball 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 Tomball
Attn: [City Secretary]
401 Market Street
Tomball, Texas 77375

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]
City of Tomball
401 Market Street
Tomball, Texas 77375

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 ____	**§**	

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

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Tomball, 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 October 7, 2019 the City Council for the City, approved Resolution No. 2019-41, creating the Raburn Reserve Public Improvement District; and

WHEREAS, on or about November 4, 2019 the City Council for the City, approved Resolution No. 2019-45, amending and restating Resolution No. 2019-41 by incorporating an increased area of the Raburn Reserve Public Improvement District; and

WHEREAS, the Raburn Reserve Public Improvement District consists of approximately 105 contiguous acres located within the City; and

WHEREAS, on or about _____, 2020, the City Council, approved Ordinance No. ____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Raburn Reserve 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 Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris 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, as established by Ordinance No. _____, which levied the Assessment 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 TOMBALL, TEXAS,

By: _____
[Name], [Title]

ATTEST:

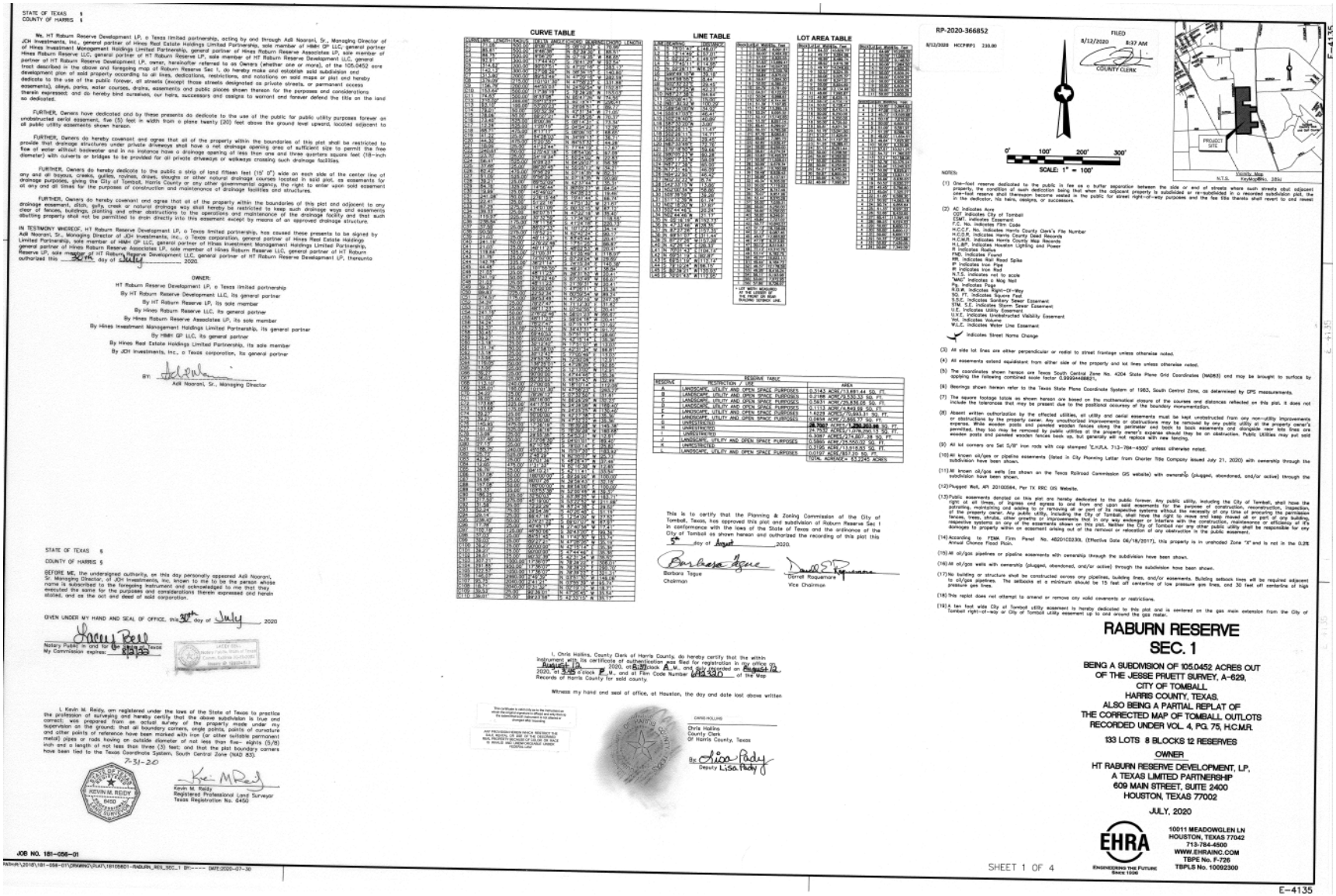
_____
[Secretary Name], City Secretary

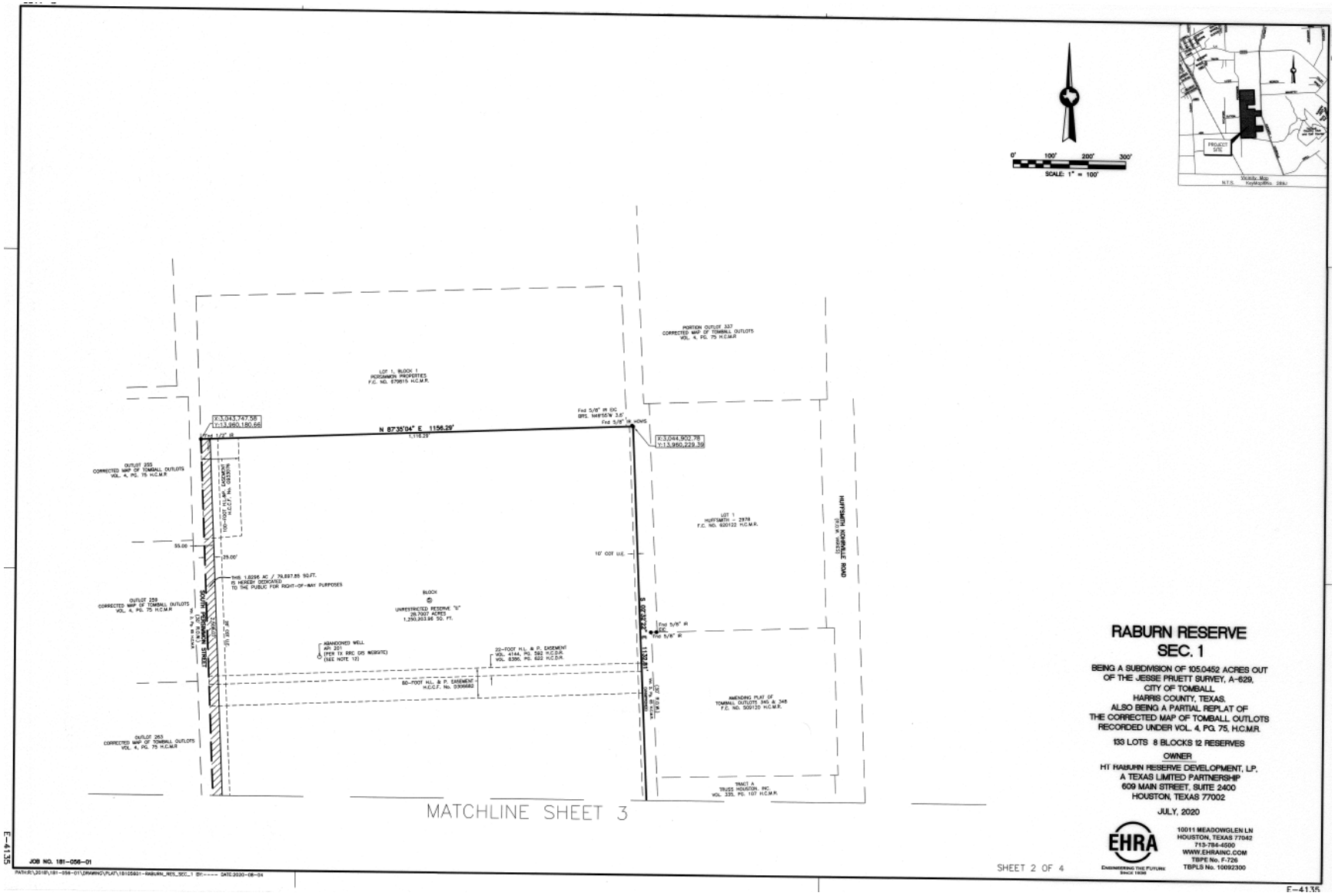
STATE OF TEXAS **§**
§
COUNTY OF _____ **§**

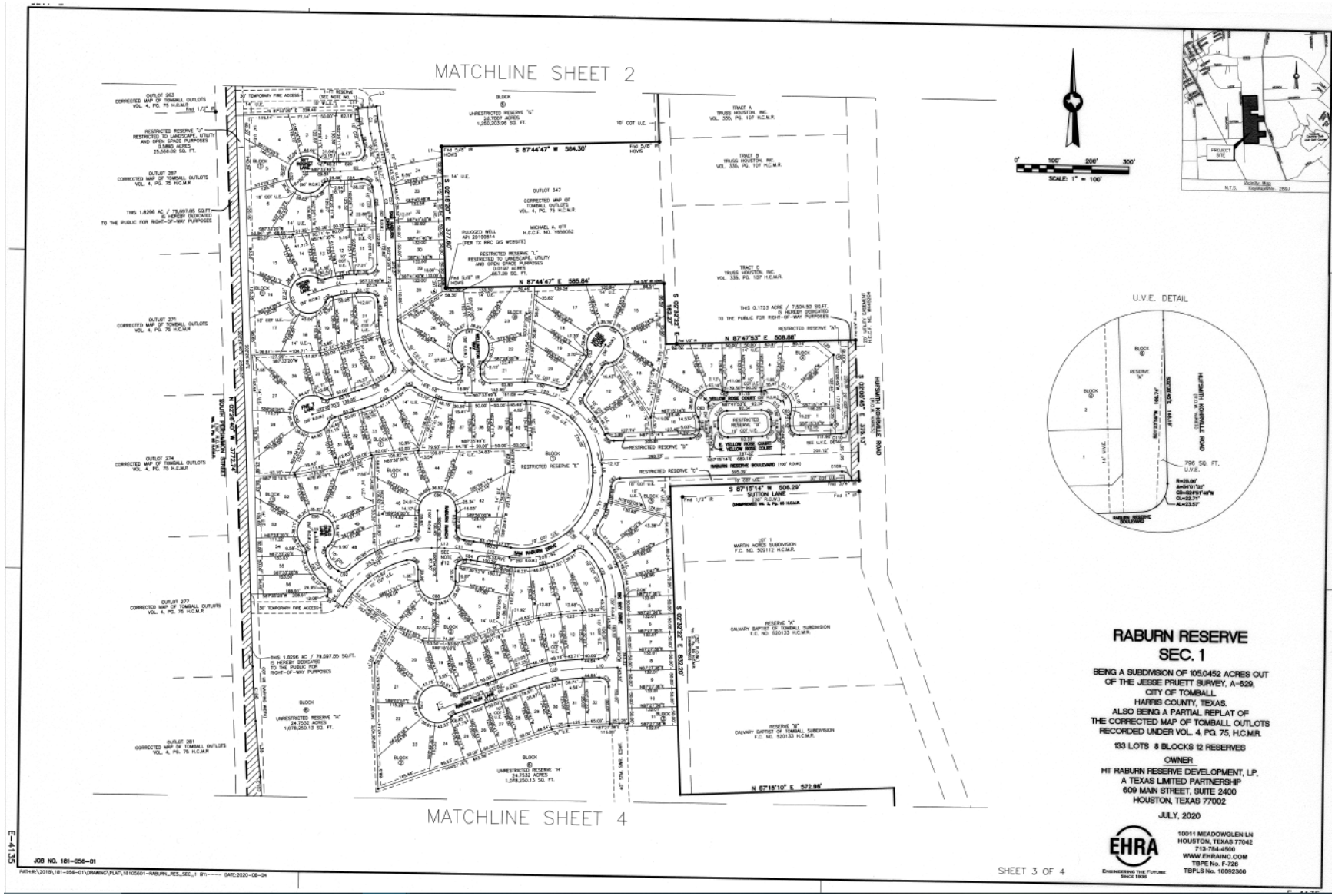
This instrument was acknowledged before me on the ____ day of _____, 20__, by [Name], [Title] for the City of Tomball, Texas, on behalf of said municipality.

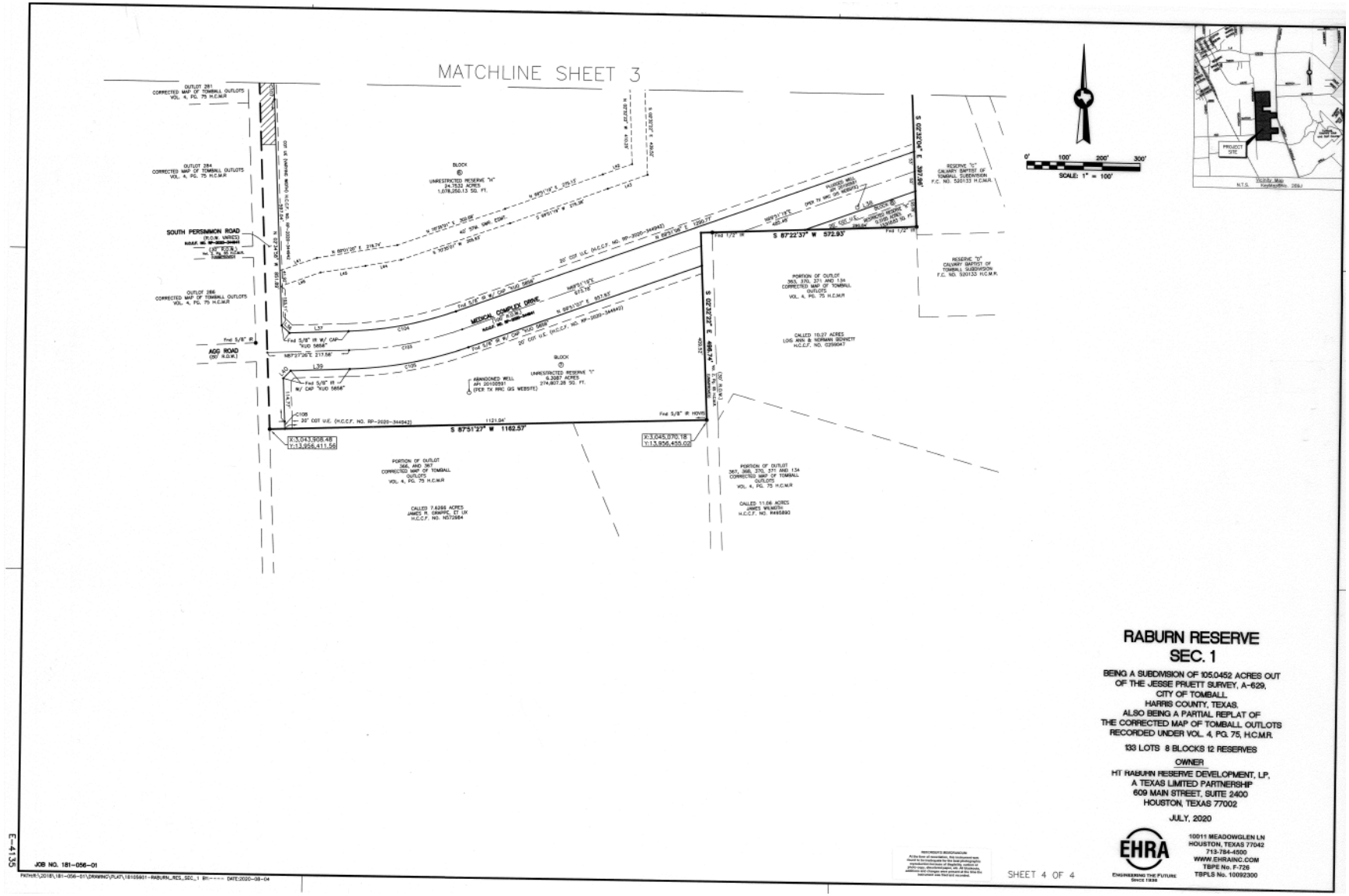
_____
Notary Public, State of Texas

EXHIBIT L – IMPROVEMENT AREA #1 PLAT




RABURN RESERVE
SEC. 1
BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629,
CITY OF TOMBALL
HARRIS COUNTY, TEXAS.
ALSO BEING A PARTIAL REPLAT OF
THE CORRECTED MAP OF TOMBALL OUTLOTS
RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.
133 LOTS 8 BLOCKS 12 RESERVES
OWNER
HT RABURN RESERVE DEVELOPMENT, L.P.
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002
JULY, 2020
EHRA
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300
SCALE: 1" = 100'
MATCHLINE SHEET 3
SHEET 2 OF 4
JOB NO. 181-056-01
N 87°35'04" E 1156.29'
1,116.29'
X:3,043,747.58
Y:13,960,180.66
X:3,044,902.78
Y:13,960,229.39
S 02°24'56" E 1129.87'
1,130.00' R.O.W.
HUFSMITH KOHRVILLE ROAD
(FARM TO MARKET ROAD 2920)
SPRUCE SPRINGS STREET
(100' R.O.W.)
LOT 1, BLOCK 1
PORGAMON PROPERTIES
F.C. NO. 679815 H.C.M.R.
PORTION OUTLOT 337
CORRECTED MAP OF TOMBALL OUTLOTS
VOL. 4, PG. 75 H.C.M.R.
OUTLOT 255
CORRECTED MAP OF TOMBALL OUTLOTS
VOL. 4, PG. 75 H.C.M.R.
OUTLOT 259
CORRECTED MAP OF TOMBALL OUTLOTS
VOL. 4, PG. 75 H.C.M.R.
OUTLOT 253
CORRECTED MAP OF TOMBALL OUTLOTS
VOL. 4, PG. 75 H.C.M.R.
LOT 1
HUFSMITH - 2978
F.C. NO. 620122 H.C.M.R.
AMENDING PLAT OF
TOMBALL OUTLOTS 345 & 346
F.C. NO. 509120 H.C.M.R.
TRACT A
TRUSS HOUSTON, INC.
VOL. 335, PG. 107 H.C.M.R.
UNRESTRICTED RESERVE "G"
29.7007 ACRES
1,293,303.96 SQ. FT.
BLOCK
ABANDONED WELL
AIR 251
(PER TX RRC GIS INSIGHT)
(SEE NOTE 12)
22'-FOOT H.L. & P. EASEMENT
VOL. 4144, PG. 592 H.C.D.R.
VOL. 8395, PG. 622 H.C.D.R.
80'-FOOT H.L. & P. EASEMENT
H.C.C.F. No. 0306682
10' CDT U.E.
55.00'
25.00'
1.8296 AC / 79,697.85 SQ.FT.
TO HEREBY DEDICATED
TO THE PUBLIC FOR RIGHT-OF-WAY PURPOSES
Fnd 5/8" IR
Fnd 5/8" IR
Fnd 5/8" IR (DC)
BRS. N49°56'W 3.6'
Fnd 5/8" IR HOWS
PROJECT SITE
N.T.S.
F-4135


MATCHLINE SHEET 2
MATCHLINE SHEET 4
U.V.E. DETAIL
RABURN RESERVE
SEC. 1
BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629,
CITY OF TOMBALL,
HARRIS COUNTY, TEXAS.
ALSO BEING A PARTIAL REPLAT OF
THE CORRECTED MAP OF TOMBALL OUTLOTS
RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.
133 LOTS 8 BLOCKS 12 RESERVES
OWNER
HT RABURN RESERVE DEVELOPMENT, LP,
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002
JULY, 2020
EHRA
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300
SHEET 3 OF 4
JOB NO. 181-056-01
E-4135


MATCHLINE SHEET 3
SOUTH PERSIMMON ROAD
AGG ROAD
MEDICAL COMPLEX DRIVE
S 87°22'37" W 572.93'
S 87°51'27" W 1162.57'
SCALE: 1" = 100'
RABURN RESERVE
SEC. 1
BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629,
CITY OF TOMBALL,
HARRIS COUNTY, TEXAS.
ALSO BEING A PARTIAL REPLAT OF
THE CORRECTED MAP OF TOMBALL OUTLOTS
RECORDED UNDER VOL. 4, PG. 75, H.C.M.R.
133 LOTS 8 BLOCKS 12 RESERVES
OWNER
HT RABURN RESERVE DEVELOPMENT, LP,
A TEXAS LIMITED PARTNERSHIP
609 MAIN STREET, SUITE 2400
HOUSTON, TEXAS 77002
JULY, 2020
EHRA
10011 MEADOWGLEN LN
HOUSTON, TEXAS 77042
713-784-4500
WWW.EHRAINC.COM
TBPE No. F-726
TBPLS No. 10092300
JOB NO. 181-056-01
SHEET 4 OF 4

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

[Form of Bond Counsel Opinion]

[Date]

$_____
CITY OF TOMBALL, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020

WE HAVE represented the City of Tomball, Texas (the "Issuer"), as its bond counsel in connection with an issue of assessment revenue bonds (the "Bonds") described as follows:

CITY OF TOMBALL, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020, dated [date of delivery], issued in the principal amount of $_____.

IN SUCH capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

THE BONDS have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the "Act") and an Ordinance adopted by the Issuer on September 21, 2020 (the "Ordinance"). The Bonds are issued pursuant to a Trust Indenture, dated as of September 1, 2020 (the "Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee")

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the

disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.

(2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Very truly yours,

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

CITY OF TOMBALL, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of _____, 2020 (this "Disclosure Agreement") is executed and delivered by and between the City of Tomball, Texas (the "Issuer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the "Dissemination Agent") with respect to the Issuer's "Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)" (the "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 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 Master Indenture of Trust dated as of _____, 2020 (the "Master Indenture"), and the First Supplemental Indenture dated _____, 2020 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture") relating to the Bonds, 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 an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC as the initial Administrator.

"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" shall have the meaning assigned to such term in the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee or any national holiday observed by the Trustee.

"Developer" shall mean HT Raburn Reserve Development, LP, a Texas Limited Partnership, and its designated successors and assigns.

"Disclosure Agreement of Developer" shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds dated as of _____, 2020 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

"Disclosure Representative" shall mean the Director of Finance of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., 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 Raburn Reserve Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access System available on the internet at http://emma.msrb.org.

"Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the Issuer's fiscal year, currently the calendar year from October 1 through September 30.

"Improvement Area #1" 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 Bonds.

"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 The Bank of New York Mellon Trust Company, N.A., 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, not later than six (6) months after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ending September 30, 2020, provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, an Annual Issuer Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. 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 file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Issuer Report pursuant to Section 4 of this Disclosure Agreement. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Upon delivery by the Issuer of the Annual Issuer Report to the Dissemination Agent together with written instructions to file such report with the MSRB, the Dissemination Agent shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a); and

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof;

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report together with written instructions to file such with the MSRB 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 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) 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:

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding;

(B) The amounts in the funds and accounts under the Indenture securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type, in substantially similar form to that shown in the tables provided under Sections 4(a)(ii)(A) and 4(a)(ii)(B) of Exhibit B attached hereto. Such information shall be provided: (a) as of the end of the Fiscal Year (for tables in Section 4(a)(ii)(A) of Exhibit B), and (b) both as of the end of the Fiscal Year and through February 1 of the calendar year immediately succeeding such Fiscal Year (for tables in Section 4(a)(ii)(B) of Exhibit B).

(iii) 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 Assessments in Improvement Area #1.

(iv) Until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total Assessments levied within Improvement Area #1, the Annual Issuer Report (in the SAP Update or otherwise) shall include the number of certificates of occupancy ("COs") issued for new homes completed in Improvement Area #1 during such Fiscal Year and the aggregate number of COs issued for new homes completed within Improvement Area #1 since filing the initial Annual Issuer Report for Fiscal Year ending September 30, 2020.

(v) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of delinquent property owners.

(vi) 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) If not provided with the financial information provided under subsection 4(a) above, if prepared and 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 and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements

within such 12-month period and 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.

(c) The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator shall prepare and provide the Annual Financial Information required (except for the information of the type included under the heading "Debt Service Requirements on the Bonds" and audited or unaudited financial statements of the Issuer) under Section 4(a) above to the Dissemination Agent no later than five (5) Business Days prior to the day that is six (6) months after the end of each Fiscal Year. If no Administrator has been designated, the Issuer shall prepare and provide the Annual Financial Information required under Section 4(a) above to the Dissemination Agent no later than five (5) Business Days prior to the day that is six (6) months after the end of each Fiscal Year.

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 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 Bonds, or other material events affecting the tax status of the 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 the 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 in the ordinary course of the Developer's business to be considered a significant event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (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.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of 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 unaudited financial statements, if audited financial statements are not available) or Annual Financial Information as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting "Notice To MSRB of Failure To File."

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, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the 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. It is agreed and understood that 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, the Trustee, or any Owner or beneficial owner of any interests in the 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 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (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).

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 occurrence of the following: (i) the legal defeasance, prior redemption or payment in full of all of the Bonds, (ii) when the Issuer is no longer an obligated person with respect to the Bonds, or (iii) 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 Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the 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 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 5(a).

SECTION 7. Dissemination Agent. 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, 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. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.

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 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 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 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 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 Bonds, shall, upon such Dissemination Agent being indemnified to its satisfaction), or any Owner or beneficial owner of the 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 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.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Issuer Report) prepared by the Issuer pursuant to this Disclosure Agreement. 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 Annual Collection Costs collected from the property owners in Improvement Area #1, but only to the extent such funds are available under the Indenture, 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 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 Issuer 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.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator 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 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 Annual Collection Costs collected from the property owners in Improvement Area #1, but only to the extent such funds are available under the Indenture, 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 reasonable attorneys' fees) of defending against any claim of liability, 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 failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator 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 Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

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.

(c) 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. THE DISSEMINATION AGENT OR THE ADMINISTRATOR IS UNDER NO OBLIGATION NOR IS IT 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 Improvement Area #1 Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or 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, and the Owners and the beneficial owners from time to time of the 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 and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective 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 and the Administrator, 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, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 18. 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 19. 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 2252.153 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 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 20. 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.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. 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.

[Signature pages follow.]

CITY OF TOMBALL, TEXAS

By: _____
Mayor

HTS CONTINUING DISCLOSURE SERVICES, a
Division of Hilltop Securities Inc.
(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 Tomball, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)
Date of Delivery:	_____, 20__
CUSIP Numbers:	[Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Tomball, 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 _____, 2020, between the Issuer, P3Works, LLC, as Administrator and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report] [annual audited financial statements] will be filed by _____.

Dated: _____

HTS CONTINUING DISCLOSURE SERVICES, a Division of Hilltop Securities Inc.,
on behalf of the City of Tomball, Texas
(solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Tomball, Texas

EXHIBIT B

CITY OF TOMBALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP Numbers: [insert CUSIP Numbers]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.,
Address:
City:
Telephone:
Contact Person: Attn:

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

Section 4(a)(i)(C)

* Excluding Audited Financial Statements of the Issuer

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

ASSETS

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Parity Ratio	_____

Form of Accounting ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)(A)

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

Year Ending (September 30)	Principal	Interest	Total

Top Improvement Area #1 Assessment Payers[(1)]

Property Owner	No. of Parcels/Lots	Percentage of Parcels/Lots	Outstanding Assessments	Percentage of Total Assessments

[(1)] Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the Improvement Area #1 of the District

The [YEAR] certified total assessed value for the land in the Improvement Area #1 of the District is approximately $[AMOUNT] according to the Harris County Appraisal District.

Section 4(a)(ii)(B)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR

Foreclosure History Related to the Assessments

Time Period	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
[FISCAL YEAR END]		$		$
[FEB. 1 OF CURRENT YEAR][(1)]		$		$

[(1)] As of February 1, 20__.

Collection and Delinquency History of Assessments

Time Period	Total 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 Assessments Collected[(2)]
[FISCAL YEAR END]	$		$	%	$	%	$
[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__.

History of Prepayment of Assessments

Time Period	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
[FISCAL YEAR END]		$		$
[FEB. 1 OF CURRENT YEAR][(1)]		$		$

[(1)] As of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(iii) - (vi)
[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT 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 of actual and specific delinquencies Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. **If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing**. Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September. 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 insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account**

* Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures are subject to adjustment

		of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
March 15	43/44	Trustee pays bond interest payments to Owners. Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.
July 1	**152/153**	Issuer, or the Administrator on behalf of the 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. **Issuer and/or Administrator to notify Dissemination Agent in writing for disclosure to MSRB of all delinquencies.** **Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent in writing 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. If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 10.2 of the Master Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
August 15	197/198	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 Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE DEVELOPER

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

CITY OF TOMBALL, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of _____, 2020 (this "Disclosure Agreement") is executed and delivered by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the "Developer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (acting solely in its capacity as the "Dissemination Agent") with respect to the "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)" (the "Bonds"). The Developer, 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 Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the 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 Master Indenture of Trust dated as of _____, 2020 (the Master Indenture"), and the First Supplemental Indenture dated _____, 2020 (the "First Supplemental Indenture" and together with the Master Indenture, the "Indenture") relating to the 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:

"Additional Improvements" shall mean improvements necessary to provide finished lots to homebuilders within Improvement Area #1, which may include excavation and grading, paving, storm sewer, water, retaining walls, erosion control, franchise utility services, and other miscellaneous items.

"Administrator" shall mean an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The Issuer has selected P3Works, LLC as the initial Administrator.

"Agreement of Sale and Purchase" shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement of sale and purchase between a Homebuilder and the Developer to purchase lots or to purchase land.

"Annual Collection Costs" shall have the meaning assigned to such term in the Indenture.

"Annual Installment" shall have the meaning assigned to such term in the Indenture.

"Assessed Property" shall have the meaning assigned to such term in the Indenture.

"Assessment" shall have the meaning assigned to such term in the Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee or any national holiday observed by the Trustee.

"Certification Letter" shall mean a certification letter provided by the Developer or Significant Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

"Developer" shall mean HT Raburn Reserve Development, LP, a Texas Limited Partnership, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements and their designated successors and assigns.

"Developer Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"Disclosure Agreement of Issuer" shall mean the Continuing Disclosure Agreement of Issuer dated as of _____, 2020 executed and delivered by and among the Issuer, the Administrator and the Dissemination Agent.

"Dissemination Agent" shall mean HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., 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 Raburn Reserve Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access System available on the internet at http://emma.msrb.org.

"HOA Amenities" shall mean the following: clubhouse, park, pool, playground, walking trails, roads lined with trees, and cul-de-sacs, to be constructed by the Developer within the District and to be owned and/or operated by a homeowners' association.

"Homebuilder(s)" shall mean any merchant homebuilder who enters into an Agreement of Sale and Purchase with the Developer, and the successors and assigns of such homebuilder under such Agreement of Sale and Purchase.

"Improvement Area #1" shall have the meaning assigned to such term in the Indenture.

"Improvement Area #1 Improvements" shall have the meaning assigned to such term in the Indenture.

"Issuer" shall mean the City of Tomball, Texas.

"Listed Events" shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure 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 Bonds.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Person" shall mean any legal person, including 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.

"Quarterly Ending Date" shall mean each March 31, June 30, September 30 and December 31, beginning September 30, 2020.

"Quarterly Filing Date" shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

"Quarterly Information" shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

"Quarterly Report" shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

"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.

"Significant Homebuilder" shall mean a Homebuilder that then owns ten percent (10%)[1] or more of the single family residential lots within Improvement Area #1).

"Significant Homebuilder Listed Events" shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., 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.

[1] At closing of the Bonds, based on the Developer's current concept plan, ten percent (10%) of the total single family residential lots within Improvement Area #1 of the District is currently equal to approximately fourteen (14) lots.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with September 30, 2020, the information required for the preparation of the Quarterly Report (with respect to each party, the "Quarterly Information"). The Developer and any Significant Homebuilder shall provide, or cause to be provided, such Quarterly Information until such party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder, and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement.

(b) The Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Developer and/or Significant Homebuilder pursuant to subsection (a) above and (ii) provide to the Developer and/or Significant Homebuilder, as applicable, each Quarterly Report for review no later than twenty (20) days after each Quarterly Ending Date. The Developer and/or any Significant Homebuilder, as applicable, shall review the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide to the Administrator the Certification Letter and authorize the Administrator to provide such Quarterly Report and Certification Letter to the Issuer and Dissemination Agent pursuant to subsection (c) below. In all cases, the Developer and/or any Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in this Section 3 and the Certification Letter(s) provided by the Developer and/or any Significant Homebuilder, as applicable. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s) with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report and the Certification Letter(s) must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that the Developer, any Significant Homebuilder or the Administrator does not provide the information required by subsection (a) or (b) of this Section, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the Developer, Significant Homebuilder or Administrator, as applicable, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information is provided by the Developer or any Significant Homebuilder to the Dissemination Agent, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If the Developer and/or any Significant Homebuilder timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the information to the Dissemination Agent, or the failure of the Dissemination Agent to provide such information to

the Participating Underwriter in a timely manner, shall not be deemed a default by the Developer, or any Significant Homebuilder, as applicable, under this Disclosure Agreement.

(d) Such Quarterly Report shall be in a form similar to that as attached in Exhibit A hereof and shall include:

(i) In a form similar to that as Table 3(d)(i) in Exhibit A attached hereto, the composition of the property within Improvement Area #1 subject to the Assessments, as of the Quarterly Ending Date, including:

A. The number of single family residential parcels;

B. The number of acres of single family residential parcels;

C. The number of platted single family residential lots;

D. The number of single family residential lots identified in the original Service and Assessment Plan; and

E. An explanation as to any change to the number of lots/parcels within Improvement Area #1 from the original Service and Assessment Plan;

(ii) In a form similar to that as Table 3(d)(ii) in Exhibit A attached hereto, the landowner composition of Improvement Area #1, including:

A. The number of lots owned by each type of landowner (i.e., Developer, Homebuilders, end-user); and

B. The percentage of single family residential lots relative to the total single family residential lots for the Developer, each Homebuilder, and end-users (end-users reported collectively), as of the Quarterly Ending Date;

(iii) In a form similar to that as Table 3(d)(iii) in Exhibit A attached hereto, for each parcel designated as single family residential, lot absorption statistics by lot type, on a running total basis, including:

A. The number of single family lots platted in Improvement Area #1;

B. The number of single family lots in Improvement Area #1 owned by the Developer closed with a Homebuilder;

C. The number of single family lots in Improvement Area #1 owned by the Developer under contract (but not closed) with a Homebuilder; and

D. The number of single family lots in Improvement Area #1 owned by the Developer not closed or under contract with a Homebuilder;

(iv) In a form similar to that as Table 3(d)(iv) in Exhibit A attached hereto, for each parcel designated as single family residential, for each Homebuilder, broken down by lot type and phase, on a running total basis:

A. The number of homes under construction in Improvement Area #1;

B. The number of completed homes not under contract with end-users in Improvement Area #1;

C. The number of homes under contract with end-users in Improvement Area #1;

D. The number of homes closed with (delivered to) end-users in Improvement Area #1;

E. The average sales price of homes closed with end-users; and

F. The estimated date of completion of all homes to be constructed by the Homebuilder;

(v) In a form similar to that as Table 3(d)(v) in Exhibit A attached hereto, with respect to the HOA Amenities:

A. Type of HOA Amenity;

B. Total expected construction budget;

C. Total costs spent to date;

D. Expected or actual construction start date;

E. Status of construction; and

F. Expected or actual construction completion date;

(vi) In a form similar to that as Table 3(d)(vi) in Exhibit A attached hereto, materially adverse changes or determinations to permits/approvals for the development of Improvement Area #1 that necessitate changes to the land use plans of the Developer;

(vii) In a form similar to that as Table 3(d)(vii) in Exhibit A attached hereto, the occurrence of any new or modified mortgage debt on the land owned by the Developer, including the amount, interest rate and terms of repayment; and

(e) In a form similar to that as Tables 3(e)(i)-(iii) in Exhibit A attached hereto, with respect to each category of the Improvement Area #1 Improvements, as set forth in the Service and Assessment Plan, and the Additional Improvements, the Developer shall provide or cause to be provided the following information to the Administrator for inclusion in each Quarterly Report:

(i) Construction budget and timeline for the Improvement Area #1 Improvements, including:

A. Total budgets costs of all Improvement Area #1 Improvements;

B. Total actual costs of the Improvement Area #1 Improvements drawn from the Improvement Account of the Project Fund, as of the Quarterly Ending Date;

C. Total actual costs of Improvement Area #1 Improvements financed with other sources of funds (non-bond financed), as of the Quarterly Ending Date;

D. Forecast completion date; and

E. Actual Issuer acceptance date;

(ii) Construction budget and timeline for the Additional Improvements, including:

A. Total budgeted costs of all Additional Improvements;

B. Total actual costs of all Additional Improvements, as of the Quarterly Ending Date;

C. Forecast completion date; and

D. Actual Issuer acceptance date; and

(iii) Narrative update on construction milestones for the Improvement Area #1 Improvements and Additional Improvements since the date of the prior Quarterly Report.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a parcel owned by the Developer; provided, however, that the right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Improvements, the Additional Improvements and the HOA Amenities;

(iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the acquisition, development or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's affiliates;

(iv) Material default by the Developer or any of Developer's affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's affiliates;

(v) The bankruptcy, insolvency or similar filing of the Developer or any of the Developer's affiliates or any determination that the Developer or any of the Developer's affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's affiliates, 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;

(vii) The filing of any lawsuit with a claim for damages, in excess of $1,000,000 against the Developer or any of the Developer's affiliates that may adversely affect the completion of development of Improvement Area #1 or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's affiliates;

(viii) Any change in the legal structure, chief executive officer or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 herein.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section 4(c) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, 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;

(iv) Any change in the type of legal entity, chief executive officer or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under an Agreement of Sale and Purchase; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever the Developer obtains knowledge of the occurrence of a Developer Listed Event, the Developer shall promptly notify the Issuer, the Administrator and the Dissemination Agent in writing and the Developer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Developer becomes aware of the occurrence of such Developer Listed Event. If the Developer timely notifies the Dissemination Agent of the occurrence of a Developer Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Developer under this Disclosure Agreement.

Whenever a Significant Homebuilder obtains knowledge of the occurrence of a Significant Homebuilder Listed Event, the applicable Significant Homebuilder shall promptly notify the Issuer, the Administrator and the Dissemination Agent in writing and such Significant Homebuilder shall direct the Dissemination Agent in writing to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Significant Homebuilder becomes aware of the occurrence of such Significant Homebuilder Listed Event. If the Significant Homebuilder timely notifies the Dissemination Agent of the occurrence of a Significant Homebuilder Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Significant Homebuilder under this Disclosure Agreement.

Any notice under the two (2) preceding paragraphs shall be accompanied with the text of the disclosure that the Developer or Significant Homebuilder, as applicable, desires to make, the written authorization of the Developer or the Significant Homebuilder, as applicable, for the Dissemination Agent to disseminate such information as provided herein, and the date the Developer or Significant Homebuilder, as applicable, desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the Developer Listed Event or Significant Homebuilder Listed Event, as applicable).

In all cases, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after the Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the applicable Listed Event.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify the Issuer, the

Developer and the Significant Homebuilder, if applicable, 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 Developer or Significant Homebuilder, as applicable, to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Developer or Significant Homebuilder, as applicable, 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 Developer and Significant Homebuilder, as applicable, 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 Participating Underwriter, the Issuer, the Developer, Significant Homebuilder, or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by the Developer or Significant Homebuilder to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from the Developer or Significant Homebuilder, as applicable; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations by Developers.

The Developer shall cause each Person, who, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Person who assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements, in substantially the form attached as Exhibit E (the "Developer Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person's delivery of written acknowledgement of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a "Developer" in the future.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilders.

If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer shall cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Sections 3(d)(iv) and 4(b) hereof, with respect to such acquired real property until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement; provided, however, a Significant Homebuilder who is also a Developer shall be required to provide the disclosure information required by Sections 3 and 4(a), as applicable, pursuant to Section 5 above. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Sections 4(a)(ix) and 4(b)(vi) above, the Developer or Significant Homebuilder, as applicable, shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder's delivery of written acknowledgement of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Significant Homebuilder comply with obligations of this Section 6 with respect to any subsequent transfers by such Significant Homebuilder to any individual or entity meeting the definition of a "Significant Homebuilder" in the future.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) the later of (a) when all of the Improvement Area #1 Improvements and Additional Improvements are complete and at least ninety percent (90%)[2] of the single family residential lots within Improvement Area #1 are either under contract with Homebuilders or sold to end-users, or (b) when the Developer no longer owns at least twenty percent (20%)[3] of the single family residential lots within Improvement Area #1 and at least ninety percent (90%)[2] of the single family residential lots within Improvement Area #1 are either under contract with Homebuilders or sold to end-users.

(b) The reporting obligations of a Significant Homebuilder, if any, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) when the Significant Homebuilder no longer owns at least ten percent (10%) of the single family residential lots within Improvement Area #1.

(c) At such time that the reporting obligations of the Developer or Significant Homebuilder, if any, terminate in accordance with subsection (a) or (b) of this Section 7, the Administrator shall provide written notice to the Developer or Significant Homebuilder, as applicable,

[2] At closing of the Bonds, based on the Developer's current concept plan, ninety percent (90%) of the total single family residential lots within Improvement Area #1 of the District is equal to approximately one hundred twenty-three (123) lots.
[3] At closing of the Bonds, based on the Developer's current concept plan, twenty percent (20%) of the total single family residential lots within Improvement Area #1 of the District is equal to approximately twenty-eight (28) lots.

the Participating Underwriter, the Issuer and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating the applicable party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to the Developer or Significant Homebuilder occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the Developer or Significant Homebuilder, as applicable, and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of the Developer's and all Significant Homebuilder's, if any, reporting obligations in accordance with subsection (a) or (b) of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Developer or Significant Homebuilder, as applicable, and the Participating Underwriter.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the obligations of the Developer, Significant Homebuilder, if any, and the Administrator under this Disclosure Agreement, 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. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator), 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 or 4, 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 the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the 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 Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any

amendment or waiver entered into under this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder 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 addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 10 of this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of the Developer, any Significant Homebuilder or the Administrator to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, and upon such Dissemination Agent being indemnified to its satisfaction), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Developer, Significant Homebuilder and/or the Administrator 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 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Significant Homebuilder or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by the Developer, or any Significant Homebuilder, as applicable, shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by the Developer, any Significant Homebuilder or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder and/or the Administrator pursuant to this Disclosure Agreement. 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. The Developer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents 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 reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the 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 is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator 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 Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents 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 reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or 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 Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE DEVELOPER 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 ANY OTHER

PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, 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. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Developer, any Significant Homebuilder, 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 officer, agent or employee of the Developer, any Significant Homebuilder, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. 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 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the 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 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 Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, 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 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 Improvement Area #1, 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[Signature pages follow.]

HTS CONTINUING DISCLOSURE SERVICES,
a Division of Hilltop Securities Inc.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

HT RABURN RESERVE DEVELOPMENT, LP,
a Texas Limited Partnership
(as Developer)

By: _____
Name: _____
Title: _____

P3WORKS, LLC
(as Administrator)

By: _____
Name:_____
Title:_____

EXHIBIT A

CITY OF TOMBALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2020
(RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1)

DEVELOPER QUARTERLY REPORT
[*INSERT QUARTERLY ENDING DATE*]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.
Address:
City:
Telephone:
Contact Person: Attn:

TABLE 3(d)(i)

IMPROVEMENT AREA #1 OVERVIEW (as of [*Insert Quarterly Ending Date*])				
NUMBER OF SINGLE FAMILY PARCELS, ACREAGE OF SUCH PARCELS AND NUMBER OF PLATTED SINGLE FAMILY LOTS IN IMPROVEMENT AREA #1 SUBJECT TO ASSESSMENTS:				
	Improvement Area #1[(1)]		Original Service and Assessment Plan[(2)]		Explanation as to any change in Lots/Parcels from Original Service and Assessment Plan
Single Family					
Total SF Parcels/Acres					
Lot Type	-		-		
50' Lot					
[Future SF]					
Total SF Lots:					

(1) Single family lots represent the number of platted single family lots in Improvement Area #1, as of [*Insert Quarterly Ending Date*].

(2) Single family lots represent the number of planned single family lots included in Exhibit I of the original Service and Assessment Plan.

TABLE 3(d)(ii)

LANDOWNER COMPOSITION (as of [*Insert Quarterly Ending Date*]) OF IMPROVEMENT AREA #1		
Landowner Composition	Number of Actual Single Family Residential Lots Owned	Percentage of Total Actual Single Family Residential Lots
Developer Owned		
50' Lot		
[Future SF]		
Total Developer Owned SF Lots:		
[Homebuilder] Owned[(1)]		
50' Lot		
[Future SF]		
Total Homebuilder Owned SF Lots:		
End-User Owned		
50' Lot		
[Future SF]		
Total End-User Owned SF Lots:		
Total Development:		

(1) Add additional rows for each Homebuilder.

[Remainder of page intentionally left blank]

FOR EACH PARCEL DESIGNATED AS SINGLE FAMILY RESIDENTIAL:

TABLE 3(d)(iii)

DEVELOPER ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL IN IMPROVEMENT AREA #1											
	Q__ 20__	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**
# of platted SF lots: • 50' • [Future SF] **TOTAL**											
# of SF lots under contract with Homebuilders: • [Homebuilder] o 50' o [Future SF] ***Subtotal*** • [Homebuilder] o 50' o [Future SF] ***Subtotal*** • [Homebuilder] o 50' o [Future SF] ***Subtotal*** **TOTAL**											
# of SF lots closed with Homebuilders: • [Homebuilder] o 50' o [Future SF] ***Subtotal*** • [Homebuilder] o 50' o [Future SF] ***Subtotal*** • [Homebuilder] o 50' o [Future SF] ***Subtotal*** **TOTAL**											
# of SF lots not under contract with Homebuilders: • 50' • [Future SF] **TOTAL**											

[Remainder of page intentionally left blank]

TABLE 3(d)(iv)

[*Homebuilder*] ABSORPTION STATISTICS FOR SINGLE FAMILY RESIDENTIAL LOTS IN IMPROVEMENT AREA #1[(1)]								
	Q__ 20__	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**	**Q__ 20__**
# of SF homes under construction: • 50' • [Future SF] **TOTAL**								
# of completed SF homes NOT under contract with end-user: • 50' • [Future SF] **TOTAL**								
# of SF homes under contract with end-user: • 50' • [Future SF] **TOTAL**								
# of SF homes delivered to end-users: • 50' • [Future SF] **TOTAL**								
Average home prices of homes delivered to end-users: • 50' • [Future SF] • Average								

(1) Additional tables to be added for each Homebuilder

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

The estimated date of completion of all homes to be constructed by [Homebuilder] is _____, ____.

[Remainder of page intentionally left blank]

STATUS OF DEVELOPMENT:

TABLE 3(d)(v)

STATUS OF HOA AMENITIES					
Type of HOA Amenity	Expected Construction Budget	Total Costs Spent to Date	Expected or Actual Construction Start Date	Status of Construction	Expected or Actual Construction Completion Date

TABLE 3(d)(vi)

PERMITS/APPROVALS	
Change or Determination to Permit/Approval	Description of the Change to the Land Use Plan

TABLE 3(d)(vii)

OCCURRENCE OF ANY NEW OR MODIFIED MORTGAGE DEBT				
Borrower	Lender	Amount	Interest Rate	Terms of Repayment

[Remainder of page intentionally left blank]

STATUS OF IMPROVEMENT AREA #1 IMPROVEMENTS AND ADDITIONAL IMPROVEMENTS:

TABLES 3(e)(A-D)

IMPROVEMENT AREA #1 IMPROVEMENTS BUDGET AND TIMELINE OVERVIEW					
	Budgeted Costs	Actual Costs Draw from [Improvement Area #1 Improvement Account] as of [*Insert Quarterly Ending Date*]	Actual Costs financed with sources other than Bond proceeds as of [*Insert Quarterly Ending Date*]	Forecast Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Improvement Area #1 Improvements: Improvement Area #1 Improvements: • Off-Site Sewer • Storm Sewer • Water • Street • Soft Costs	$_____ $_____ $_____ $_____ $_____ $_____	$_____ $_____ $_____ $_____ $_____ $_____	$_____ $_____ $_____ $_____ $_____ $_____	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____

3€(ii)(A-D)

ADDITIONAL IMPROVEMENTS BUDGET AND TIMELINE OVERVIEW				
	Budgeted Costs	Actual Costs spent as of [*Insert Quarterly Ending Date*]	Forecast Completion Date	Actual Issuer Acceptance Date
Total costs required to complete Additional Improvements: • Additional Improvements	$_____	$_____	_____	_____

3(e)(iii)

Narrative update on construction milestones for Improvement Area #1 Improvements and Additional Improvements since last Quarterly Report:

_____

_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]

[DATE]

Name of Issuer:	City of Tomball, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1) (the "Bonds")
CUSIP Numbers:	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that _____, a _____ (the ["Developer[4]"] ["Significant Homebuilder"]) has not provided the [Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Ending Date*] with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer dated as of _____, 2020, by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the "Developer"), P3Works, LLC, as the "Administrator" and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as the "Dissemination Agent." The [Developer][Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

HTS CONTINUING DISCLOSURE SERVICES, a
Division of Hilltop Securities Inc.,
on behalf of the Developer
(acting solely in its capacity as
Dissemination Agent)

By: _____

Title: _____

cc: City of Tomball, Texas

[4] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer:	City of Tomball, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1) (the "Bonds")
CUSIP Numbers.	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-V
Frisco, Texas 75034

HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc.

City of Tomball, Texas
401 Market Street
Tomball, Texas 77375

[Developer or Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the ["Developer[1]"] ["Significant Homebuilder"]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby, terminating such party's reporting obligations under the Continuing Disclosure Agreement of Developer dated as of _____, 2020, by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the "Developer"), P3Works, LLC, as the "Administrator" and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as the "Dissemination Agent."

Dated: _____

P3WORKS, LLC
on behalf of the [Developer] [Significant Homebuilder]
(solely in its capacity as Administrator)

By: _____

Title: _____

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer:	City of Tomball, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1) (the "Bonds")
CUSIP Numbers:	[insert CUSIP Numbers]
Quarterly Ending Date:	_____, 20__

Re: Quarterly Report for Raburn Reserve Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer dated as of _____, 2020 by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership [1] (the "Developer"), P3Works, LLC, as the "Administrator", and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc., as the "Dissemination Agent," this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a "Significant Homebuilder"], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

HT RABURN RESERVE DEVELOPMENT, LP,
a Texas Limited Partnership
(as Developer)

By: _____
Name: _____
Title: _____

OR

[SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)
By:_____
Title: _____]

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT OF DEVELOPER REPORTING OBLIGATIONS

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Raburn Reserve Public Improvement District Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements (as those terms are defined in the Disclosure Agreement of Developer) within Improvement Area #1 of the Raburn Reserve Public Improvement District (the "District").

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer dated as of _____, 2020 (the "Disclosure Agreement of Developer") by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the "Initial Developer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the "Dissemination Agent") with respect to the "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)," any person that, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or Additional Improvements within Improvement Area #1 of the District is defined as a Developer.

As a Developer, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

HT RABURN RESERVE DEVELOPMENT, LP
a Texas Limited Partnership
(as Developer)

By: _____
Name: _____
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By:_____
Title:_____

EXHIBIT F

FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Raburn Reserve Public Improvement District Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of the Raburn Reserve Public Improvement District (the "District"), which is equal to approximately ___% of the single family residential lots within Improvement Area #1 of the District.

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer dated as of _____, 2020 (the "Disclosure Agreement of Developer") by and among HT Raburn Reserve Development, LP, a Texas Limited Partnership (the "Developer"), P3Works, LLC (the "Administrator"), and HTS Continuing Disclosure Services, a Division of Hilltop Securities Inc. (the "Dissemination Agent") with respect to the "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1)," any entity that owns ten percent (10%) or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 7 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

HT RABURN RESERVE DEVELOPMENT, LP
a Texas Limited Partnership
(as Developer)

By: _____
Name: _____
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By:_____
Title:_____

APPENDIX F

APPRAISAL OF IMPROVEMENT AREA #1

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

Integra Realty Resources
Dallas

Appraisal of Real Property

Raburn Reserve Public Improvement District
A Proposed Residential Subdivision
East side of South Persimmon Street, at Sutton Lane
Tomball, Harris County, Texas 77377

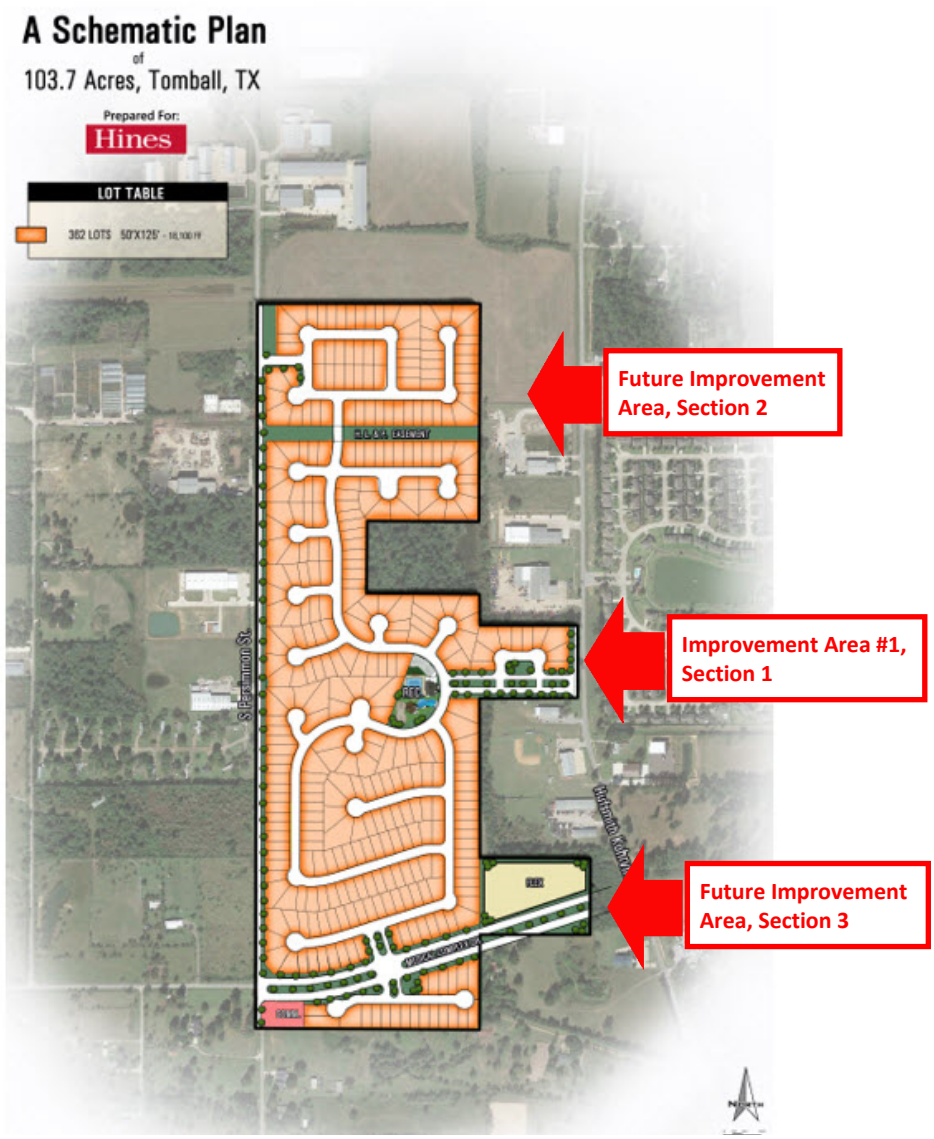
Prepared For:
City of Tomball and FMSbonds, Inc.

Effective Date of the Appraisal:
March 1, 2021

Report Format:
Appraisal Report – Comprehensive Format

IRR - DFW
File Number: 191-2020-0350





Raburn Reserve Public Improvement District
East side of South Persimmon Street, at Sutton Lane
Tomball, Harris County, Texas

Integra Realty Resources
DFW

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403
www.irr.com

June 19, 2020

City of Tomball
Mr. Craig Meyers
Community Development Director
401 Market Street
Tomball, TX 77375

FMSbonds, Inc.
Mr. R.R. "Tripp" Davenport, III
Underwriter
5 Cowboys Way, Suite 300-V
Frisco, TX 75034

SUBJECT: Market Value Appraisal
Raburn Reserve Public Improvement District
East side of South Persimmon Street, at Sutton Lane
Tomball, Harris County, Texas 77377
IRR - DFW File No. 191-2020-0350

Dear Messrs. Meyers and Davenport:

Integra Realty Resources – DFW is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the prospective fee simple market value of Improvement Area #1 – Section 1 as well as the Future Improvement Areas – Section 2 and Section 3 upon completion of the proposed improvements as of the effective date of the appraisal. The clients for the assignment are the City of Tomball and FMSbonds, Inc., and the intended use is for the underwriting of a proposed Public Improvement District bond transaction.

Following is a brief summary of the Raburn Reserve Public Improvement District to be valued herein.

The subject of this report represents 105.0452 acres of land (4,575,760 square feet) located within the Raburn Reserve Public Improvement District in the City of Tomball, Harris County, Texas. The district is planned to be developed with a total of 362 detached, single-family lots (3.4 upa). All of the lots are proposed to be developed with one typical lot dimension of 50' x 125' (6,250 square feet) and are designed for front access.

Improvement Area #1 (Section 1) will be initially developed with 133 lots on 45.483 acres (2.9 upa) and will be valued as developed lots. The remaining acreage is planned with 110 future lots on 27.860 acres (3.9 upa) as Future Improvement Area, Section 2 and 119 future

lots on 31.702 acres (3.8 upa) as Future Improvement Area, Section 3 and will be valued as vacant land. The property is zoned PD-12, Planned Development - 12, which permits single-family master-planned development. Access to Improvement Area #1 (Section 1) will be from one main entry/exit from Huffsmith Kohrville Road located along the eastern boundary of the subject. The projected completion date for Improvement Area #1 is March 1, 2021.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of IRR's available report types.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions

Parcel	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value at Completion (Improvement Area #1 - Section 1)	Fee Simple	March 1, 2021	$7,490,000
Prospective Market Value at Completion (Future Improvement Area - Section 2)	Fee Simple	March 1, 2021	$4,285,000
Prospective Market Value at Completion (Future Improvement Area - Section 3)	Fee Simple	March 1, 2021	$4,480,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All information relative to the undeveloped property located within the Raburn Reserve Public Improvement District including land areas, lot totals, lot sizes, and other pertinent data that was provided by Hovis Surveying Company (surveyors), EHRA (engineering/planning), Hines Acquisitions LLC (owner/developer), the City of Tomball, and the Harris County Appraisal District is assumed to be correct.

2. The subject is proposed construction. Therefore, this report contains prospective opinions of values. As such, we have assumed that the market conditions as discussed and considered within this report will be siilar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that may alter market conditions prior to this prospective effective date.

3. Our valuations of the subject's Future Improvement Areas (27.860 acres within Section 2 which is planned with 110 residential lots and 31.702 acres within Section 3 which is planned with 119 residential lots) assumes the following information to be correct (See Development Costs in Addendum):
   Lot Type: 50' x 125' or 6,250 SF
   Private Development Costs: Section 2: $1,489,204 ($13,538/lot) Section 3: $1,747,423 ($14,684/lot)
   PID Costs: $1,472,073 ($13,382/lot) $1,623,475 ($13,643/lot)

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

IMPORTANT MARKET CONDITIONS WARNING: Market Uncertainty from Novel Coronavirus (COVID-19)

The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

As of the effective date of this report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. Our valuation is based upon the best information as of the effective date.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

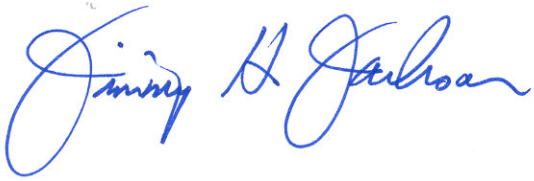
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - DFW



Ernest Gatewood
Senior Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324355 G
Telephone: (972) 725-7755
Email: egatewood@irr.com



Jimmy H. Jackson, MAI
Executive Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324004 G
Telephone: (972) 725-7724
Email: jhjackson@irr.com



Shelley Sivakumar
Director
Licensed Residential Real Estate Appraiser
Texas Certificate # TX 1333354-L
Telephone: (972) 696-0687
Email: ssivakumar@irr.com

Table of Contents

Summary of Salient Facts and Conclusions **1**

General Information **3**
Identification of Subject 3
Sale History 4
Pending Transactions 4
Purpose of the Appraisal 4
Definition of Market Value 5
Definition of As Is Market Value 5
Definition of Property Rights Appraised 5
Intended Use and User 5
Applicable Requirements 6
Report Format 6
Prior Services 6
Scope of Work 6

Economic Analysis **9**
Harris County Area Analysis 9
Single-Family Analysis 18
COVID-19 Impact on Current Valuations 25
Surrounding Area Analysis 34

Property Analysis **41**
General Description - Rayburn Reserve Public Improvement District 43
Allocation of Authorized Improvements 47
Real Estate Taxes 50
Highest and Best Use 51

Valuation **53**
Valuation Methodology 53
Sales Comparison Approach 54
Developed Lots (50' x 125'; 6,250 SF) 55
Summary of Net/Gross Value Conclusion 62
Development Approach (Subdivision Analysis) 65
Discount Rate 68
Reconciliation and Conclusion of Value – Rayburn PID – Improvement Area #1 73
Valuations – Future Improvement Areas – (Sections 2 and 3) 74
Reconciliation and Conclusion of Values 81
Conclusion 82
Exposure Time 82
Marketing Time 82

Certification **83**

Assumptions and Limiting Conditions **85**
Definition of Aggregate of Retail Values 4

Addenda
A. Appraiser Qualifications
B. Definitions
C. Property Information
D. Comparable Data

Summary of Salient Facts and Conclusions

Property Name	Raburn Reserve Public Improvement District
Address	East side of South Persimmon Street, at Sutton Lane Tomball, Harris County, Texas 77377
Property Type	Land - Other
Owner of Record	Hines Acquisitions LLC
Tax ID	0352900000338, 0352900000360, 0352900000382, 0352920000343, 0352920000353, 0352920000358, 0352920000364, 0352920000525
Land Area - Overall	105.045 acres; 4,575,760 SF
Improvement Area #1 (Section 1)	45.483 acres (133 Single-Family Lots)
Future Improvement Area (Section 2)	27.860 acres (110 Future Single-Family Lots)
Future Improvement Area (Section 3)	31.702 acres (119 Future Single-Family Lots)
Zoning Designation	PD-12, Planned Development - 12
Highest and Best Use	Single-family residential use
Exposure Time; Marketing Period	6 - 12 months; 6 - 12 months
Date of the Report	June 19, 2020

Value Conclusions

Developed Lots - 50 Front Footages	$62,500	($1,250/Front Footage)

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value at Completion (Improvement Area #1 - Section 1)	Fee Simple	March 1, 2021	$7,490,000
Prospective Market Value at Completion (27.860 Acres - Future Improvement Area -Section 2)	Fee Simple	March 1, 2021	$4,285,000
Prospective Market Value at Completion (31.702 Acres - Future Improvement Area - Section 3)	Fee Simple	March 1, 2021	$4,480,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Tomball and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All information relative to the undeveloped property located within the Raburn Reserve Public Improvement District including land areas, lot totals, lot sizes, and other pertinent data that was provided by Hovis Surveying Company (surveyors), EHRA (engineering/planning), Hines Acquisitions LLC (owner/developer), the City of Tomball, and the Harris County Appraisal District is assumed to be correct.

2. The subject is proposed construction. Therefore, this report contains prospective opinions of values. As such, we have assumed that the market conditions as discussed and considered within this report will be siilar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that may alter market conditions prior to this prospective effective date.

3. Our valuations of the subject's Future Improvement Areas (27.860 acres within Section 2 which is planned with 110 residential lots and 31.702 acres within Section 3 which is planned with 119 residential lots) assumes the following information to be correct (See Development Costs in Addendum):
   Lot Type: 50' x 125' or 6,250 SF

Private Development Costs:	Section 2:	$1,489,204 ($13,538/lot)	Section 3:	$1,747,423 ($14,684/lot)
PID Costs:		$1,472,073 ($13,382/lot)		$1,623,475 ($13,643/lot)

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

General Information

Identification of Subject

The subject of this report represents 105.0452 acres of land (4,575,760 square feet) located within the Raburn Reserve Public Improvement District in the City of Tomball, Harris County, Texas. The district is planned to be developed with a total of 362 detached, single-family lots (3.4 upa). All of the lots are proposed to be developed with one typical lot dimension of 50' x 125' (6,250 square feet) and are designed for front access.

Improvement Area #1 (Section 1) will be initially developed with 133 lots on 45.483 acres (2.9 upa) and will be valued as developed lots. The remaining acreage is planned with 110 future lots on 27.860 acres (3.9 upa) as Future Improvement Area, Section 2 and 119 future lots on 31.702 acres (3.8 upa) as Future Improvement Area, Section 3 and will be valued as vacant land. The property is zoned PD-12, Planned Development - 12, which permits single-family master-planned development. Access to Improvement Area #1 (Section 1) will be from one main entry/exit from Huffsmith Kohrville Road located along the eastern boundary of the subject. The projected completion date for Improvement Area #1 is March 1, 2021.

A legal description of the property is in the addenda.

Property Identification	
Property Name	Raburn Reserve Public Improvement District
Address	East side of South Persimmon Street, at Sutton Lane Tomball, Texas 77377
Tax ID	0352900000338, 0352900000360, 0352900000382, 0352920000343, 0352920000353, 0352920000358, 0352920000364, 0352920000525
Owner of Record	Hines Acquisitions LLC

Following is a brief summary of the Raburn Reserve Public Improvement District:

Summary - Raburn Reserve Public Improvement District, Tomball, Harris County, Texas

Premise	Location	Total Acres	Total Lots	UPA	Typical Lot Dimension	Private Development Costs	Private Development Costs/Lot
Improvement Area #1 (Section 1)	East side of S. Persimmon St.@ Sutton Ln.	45.483	133	2.9	50' x 125'	$3,311,579	$24,899
Future Improvement Area (Section 2)	North of IA#1 (Section 1)	27.860	110	3.9	50' x 125'	$1,489,204	$13,538
Future Improvement Area (Section 3)	South of IA#1 (Section 1)	31.702	119	3.8	50' x 125'	$1,747,423	$14,684
Totals/Averages		**105.045**	**362**	**3.4**		**$6,548,206**	**$18,089**

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	December 4, 2019
Seller	HT Raburn Reserve Development LP/Raburn Commercial Resources LP
Buyer	Hines Acquisitions LLC
Sale Price	$6,302,712
Recording Instrument Number	RP-2019-536601
Comments	Land acquisition was based upon a price of $60,000/gross acre for 105.0452 acres.

Our market value conclusion differs significantly from the sale price as vacant land as we are providing prospective valuations upon the completion of Section 1. To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

The subject's 362 proposed single-family lots are contracted to two volume homebuilders, Taylor Morrison Homes and William Lyon Homes at $62,500/lot ($1,250/FF) with an overall average absorption of 4.7 upm/builder. The lot contracts are summarized as follows:

Lot Contract Summary - Raburn Reserve PID

Home Builder	Lot Type	Total Lots	Typical Lot Dimensions	Total SF	Base Lot Price	Base Price/FF	Average Absorption/ Month	Total Absorption Period (Months ±)
Taylor Morrison Homes	50'	181	50' x 125'	6,250	$62,500	$1,250	4.7	38.3
William Lyon Homes	50'	181	50' x 125'	6,250	$62,500	$1,250	4.7	38.3
Totals/Averages		**362**	**50' x 125'**	**6,250**	**$62,500**	**$1,250**	**9.4**	**38.3**

All lots are contracted with an annual 6% escalation, a $1,000/lot marketing fee, and a $1,500/lot perimeter fence fee.

The contract terms are well supported by that of comparable market data.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the prospective fee simple market value of Improvement Area #1 – Section 1 as well as the Future Improvement Areas – Section 2 and Section 3 upon completion of the proposed improvements as of the effective date of the appraisal, March 1, 2021. The date of the report is June 19, 2020. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, "The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date."

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal,* 6th ed. (Chicago: Appraisal Institute, 2015)*; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)*

Definition of Property Rights Appraised

Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is to estimate the underwriting of a proposed Public Improvement District bond transaction. The client and intended users are the City of Tomball and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than the City of Tomball and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Comprehensive Format. This format contains the greatest depth and detail of IRR's available report types.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized
Development Approach	Applicable	Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

In the Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Ernest Gatewood conducted an on-site inspection of the property on June 16, 2020. Jimmy H. Jackson, MAI, and Shelley Sivakumar did not inspect the property.

Important Market Conditions Warning

Market Uncertainty from Novel Coronavirus (COVID-19)

The outbreak of the Novel Coronavirus (COVID-19), declared an outbreak by the World Health Organization (WHO) on January 30, 2020 and subsequently reclassified as a worldwide pandemic on March 11, 2020, has created substantial uncertainty in the worldwide financial markets. Concerns about the ongoing spread of the COVID-19 (Corona) Virus have resulted in cancellations of a substantial number of business meetings, conferences, and sporting and entertainment events in the coming 3-6 months; the implementation of personal quarantine procedures; a 30-day lock-out for travel from most of Europe to the U.S.; and substantial reductions (and restrictions) in other travel by air, rail, bus, and ship.

As of the effective date of this report, tourism, lodging, and tourist-related food and beverage and retail sectors are likely to feel the first negative effects due to the substantial decline in social movement and activity. A prolonged outbreak could have a significant (and yet unquantifiable) impact on other real estate sectors. Our valuation is based upon the best information as of the effective date.

Given the degree of overall uncertainty present in the economy, forecasts and projections contained herein may change dramatically, or differently than projected under stable market conditions. Therefore, we recommend a more frequent review of this valuation, and advise the intended user to consider the current lack of overall economic stability in evaluating the use and reliability of the opinions expressed herein.

Economic Analysis

The reader is reminded that the demographics presented on this and the following pages were gathered during the period that preceded the COVID-19 pandemic and imminent recession. The data provides useful information for purposes of considering the population and economy of the local area under stabilized market conditions. However, job losses, unemployment (overall and in different sectors), impaired commerce, and reduced income levels will result in demographic statistics after February 2020 that do not follow the stabilized trend that would have been expected based only on a review of data through 2019 and the first few weeks of 2020.

Harris County Area Analysis

Harris County is 1,703 square miles in size and has a population density of 2,810 persons per square mile.

Population

Harris County has an estimated 2020 population of 4,787,379, which represents an average annual 1.6% increase over the 2010 census of 4,092,459. Harris County added an average of 69,492 residents per year over the 2010-2020 period, but its annual growth rate lagged the Houston MSA rate of 1.9%.

Looking forward, Harris County's population is projected to increase at a 1.4% annual rate from 2020-2025, equivalent to the addition of an average of 67,664 residents per year. Harris County's growth rate is expected to lag that of the Houston MSA, which is projected to be 1.5%.

Population Trends

	Population			Compound Ann. % Chng	
	2010 Census	2020 Estimate	2025 Projection	2010 - 2020	2020 - 2025
Harris County, TX	4,092,459	4,787,379	5,125,699	1.6%	1.4%
Houston-The Woodlands	5,920,416	7,170,379	7,709,324	1.9%	1.5%
Texas	25,145,561	29,321,473	31,265,392	1.5%	1.3%
United States	308,745,538	330,342,293	341,132,738	0.7%	0.6%

Source: Environics Analytics

Employment

Total employment in Harris County was estimated at 2,350,392 jobs as of September 2019. Between year-end 2009 and 2019, employment rose by 357,831 jobs, equivalent to a 18.0% increase over the entire period. There were gains in employment in eight out of the past ten years, as the national economy expanded following the downturn of 2007-2009. Although Harris County's employment rose over the last decade, it underperformed the Houston MSA, which experienced an increase in employment of 22.4% or 554,579 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Harris County unemployment rate has been slightly higher than that of the Houston MSA, with an average unemployment rate of 5.9% in comparison to a 5.8% rate for the Houston MSA. A higher unemployment rate is a negative indicator.

Recent data shows that Harris County has a 3.9% unemployment rate, which is the same as the rate for the Houston MSA.

Employment Trends

	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Harris County	% Change	Houston MSA	% Change	Harris County	Houston MSA
2009	1,992,561		2,476,249		7.6%	7.6%
2010	2,020,258	1.4%	2,519,326	1.7%	8.3%	8.3%
2011	2,082,042	3.1%	2,600,011	3.2%	7.9%	7.8%
2012	2,161,868	3.8%	2,706,395	4.1%	6.7%	6.6%
2013	2,226,837	3.0%	2,796,702	3.3%	6.1%	6.0%
2014	2,314,759	3.9%	2,910,781	4.1%	5.0%	5.0%
2015	2,303,396	-0.5%	2,911,751	0.0%	4.6%	4.6%
2016	2,270,911	-1.4%	2,893,469	-0.6%	5.3%	5.3%
2017	2,298,852	1.2%	2,949,308	1.9%	5.1%	5.0%
2018	2,348,474	2.2%	3,024,740	2.6%	4.4%	4.3%
2019*	2,350,392	0.1%	3,030,828	0.2%	3.8%	3.7%
Overall Change 2009-2019	357,831	18.0%	554,579	22.4%		
Avg Unemp. Rate 2009-2019					5.9%	5.8%
Unemployment Rate - February 2020					3.9%	3.9%

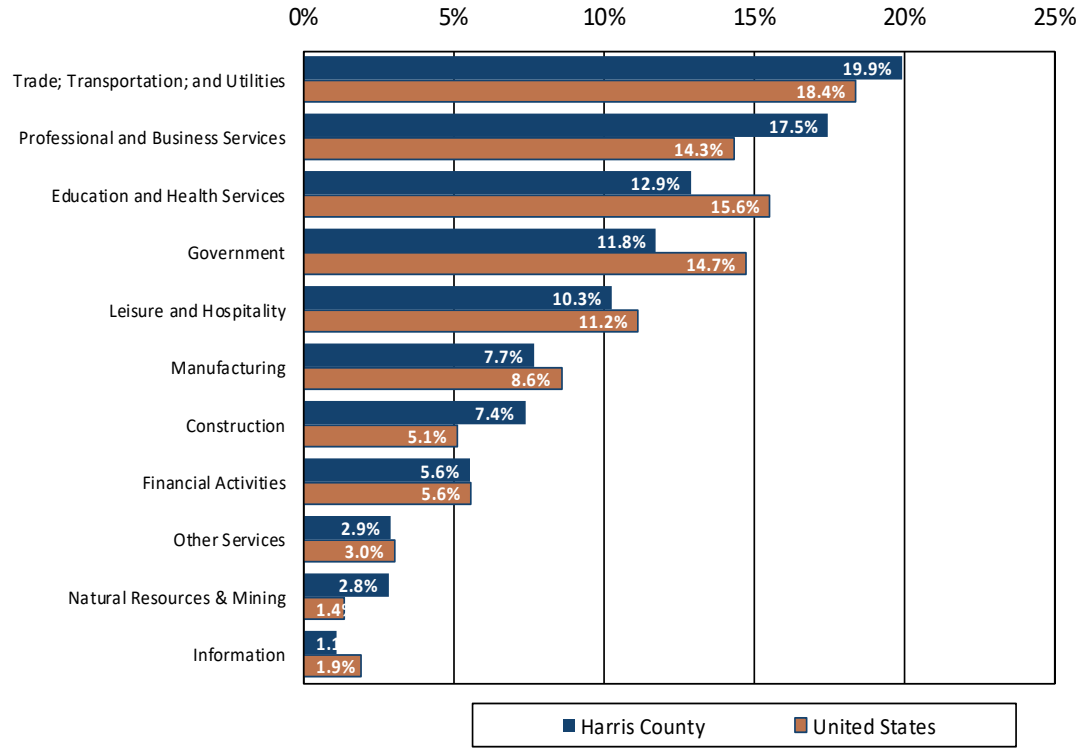
*Total employment data is as of September 2019; unemployment rate data reflects the average of 12 months of 2019.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Harris County job market is depicted in the chart below. A complete data set is not available for the Houston MSA, so we will compare Harris County to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Harris County jobs in each category.

Employment Sectors - 2019



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Harris County has greater concentrations than the United States in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 19.9% of Harris County payroll employment compared to 18.4% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 17.5% of Harris County payroll employment compared to 14.3% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Construction, representing 7.4% of Harris County payroll employment compared to 5.1% for the nation overall. This sector includes construction of buildings, roads, and utility systems.
4. Natural Resources & Mining, representing 2.8% of Harris County payroll employment compared to 1.4% for the nation overall. Agriculture, mining, quarrying, and oil and gas extraction are included in this sector.

Harris County is underrepresented in the following sectors:

1. Education and Health Services, representing 12.9% of Harris County payroll employment compared to 15.6% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Government, representing 11.8% of Harris County payroll employment compared to 14.7% for the nation overall. This sector includes employment in local, state, and federal government agencies.
3. Leisure and Hospitality, representing 10.3% of Harris County payroll employment compared to 11.2% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing, representing 7.7% of Harris County payroll employment compared to 8.6% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Major Employers

Major employers in Harris County are shown in the following table.

Major Employers - Harris County, TX

	Name	Number of Employees
1	Wal-Mart	37,000
2	Memorial Hermann Health System	24,108
3	H-E-B	23,732
4	The University of Texas MD Cancer Center	21,086
5	McDonald's Corp	20,918
6	Houston Methodist	20,000
7	Kroger	16,000
8	United Airlines	14,941
9	Schumberger	12,069
10	Shell Oil Company	11,507

Source: https://houstonnewcomerguides.com/top-10-houston-area-employers/

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Harris County than the Houston MSA overall during the past eight years. Harris County has grown at a 1.5% average annual rate while the Houston MSA has grown at a 1.9% rate.

Harris County has a per capita GDP of $76,906, which is 21% greater than the Houston MSA's GDP of $63,643. This means that Harris County industries and employers are adding relatively more value to the economy than their counterparts in the Houston MSA.

Gross Domestic Product

Year	($,000s) Harris County	% Change	($,000s) Houston MSA	% Change
2011	326,652,062		390,737,065	
2012	335,715,892	2.8%	404,431,385	3.5%
2013	345,112,059	2.8%	419,466,692	3.7%
2014	343,063,562	-0.6%	420,449,655	0.2%
2015	358,868,375	4.6%	442,705,932	5.3%
2016	350,522,882	-2.3%	429,133,987	-3.1%
2017	351,838,302	0.4%	432,329,249	0.7%
2018	361,353,488	2.7%	445,335,360	3.0%
Compound % Chg (2011-2018)		1.5%		1.9%
GDP Per Capita 2018	$76,906		$63,643	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2019. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted ""real"" GDP stated in 2012 dollars.

Household Income

Harris County has a lower level of household income than the Houston MSA. Median household income for Harris County is $61,114, which is 8.9% less than the corresponding figure for the Houston MSA.

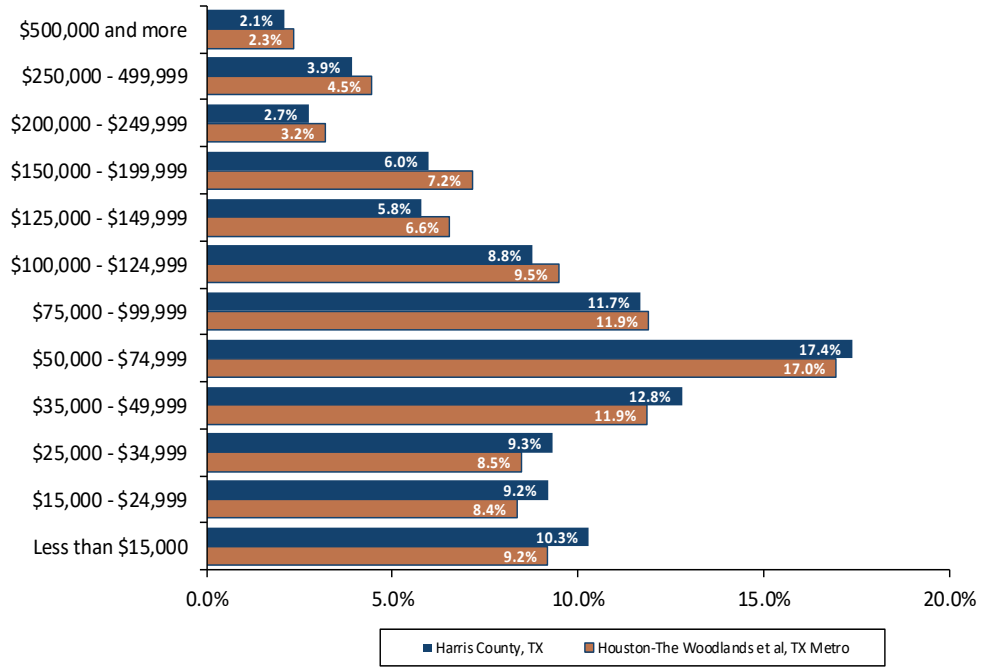
Median Household Income - 2020

	Median
Harris County, TX	$61,114
Houston-The Woodlands et al, TX Metro	$67,065
Comparison of Harris County, TX to Houston-The Woodlands et a	- 8.9%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. Harris County has a greater concentration of households in the lower income levels than the Houston MSA. Specifically, 29% of Harris County households are below the $35,000 level in household income as compared to 26% of Houston MSA households. A lesser concentration of households is apparent in the higher income levels, as 41% of Harris County households are at the $75,000 or greater levels in household income versus 45% of Houston MSA households.

Household Income Distribution - 2020

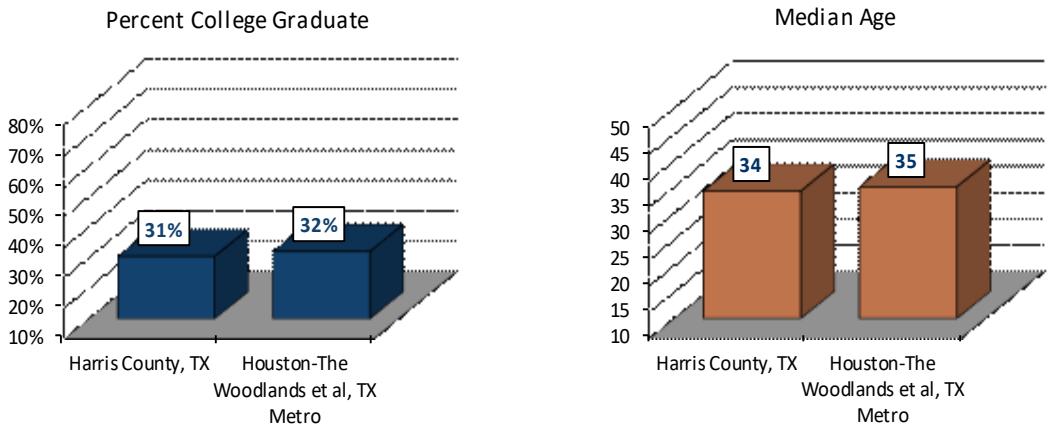


Source: Environics Analytics

Education and Age

Residents of Harris County have a slightly lower level of educational attainment than those of the Houston MSA. An estimated 31% of Harris County residents are college graduates with four-year degrees, versus 32% of Houston MSA residents. People in Harris County are slightly younger than their Houston MSA counterparts. The median age for Harris County is 34 years, while the median age for the Houston MSA is 35 years.

Education & Age - 2020



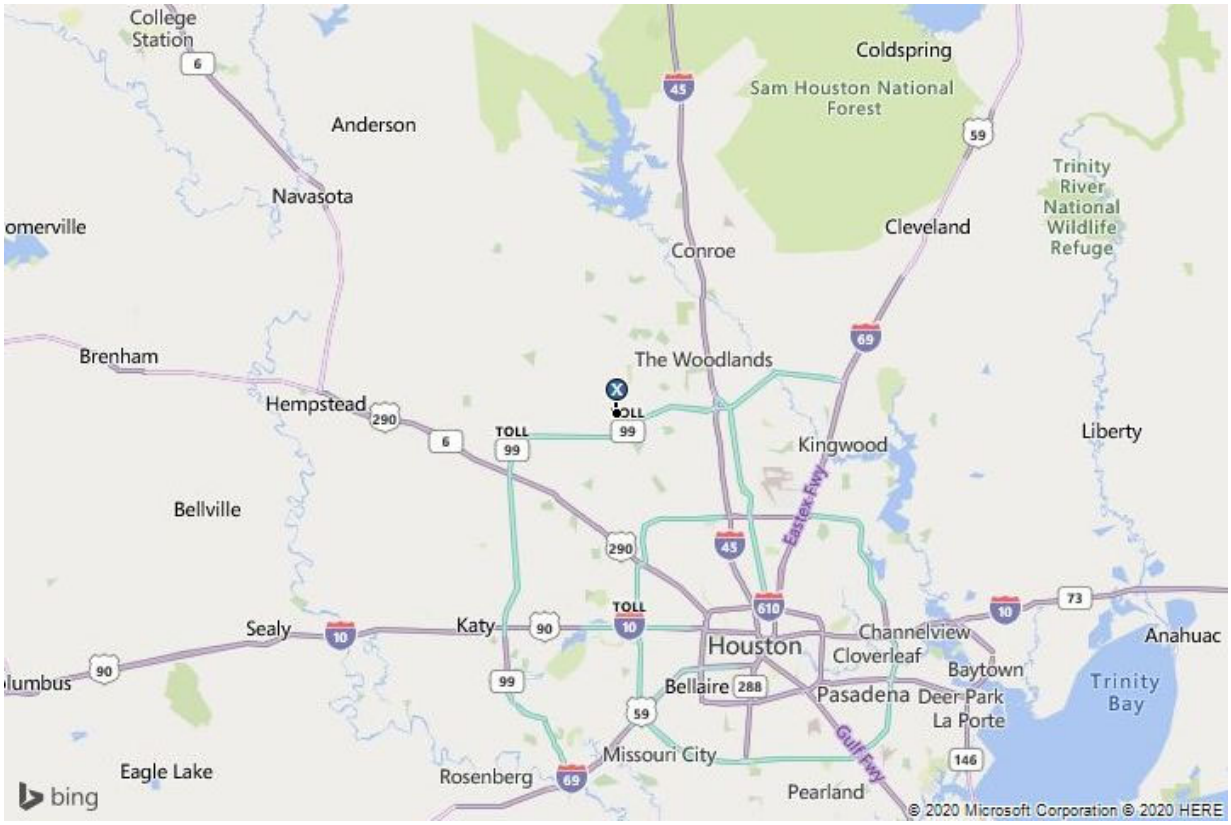
Source: Environics Analytics

Conclusion

The Harris County economy will be affected by a growing population base and lower income and education levels. Harris County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. We anticipate that the Harris County economy will improve, and employment will grow, strengthening the demand for real estate.

As previously referenced, COVID-19 has pushed the economy at all levels into a recession which has yet to be statistically proven or definitively quantified. Therefore, the statistical summary of the region provided above must be considered in light of the fact that economic indicators available in the near future will show a substantial contraction of economic activity beginning in the first quarter of 2020. This issue is discussed more fully after the Market Analysis section of this report.

Area Map

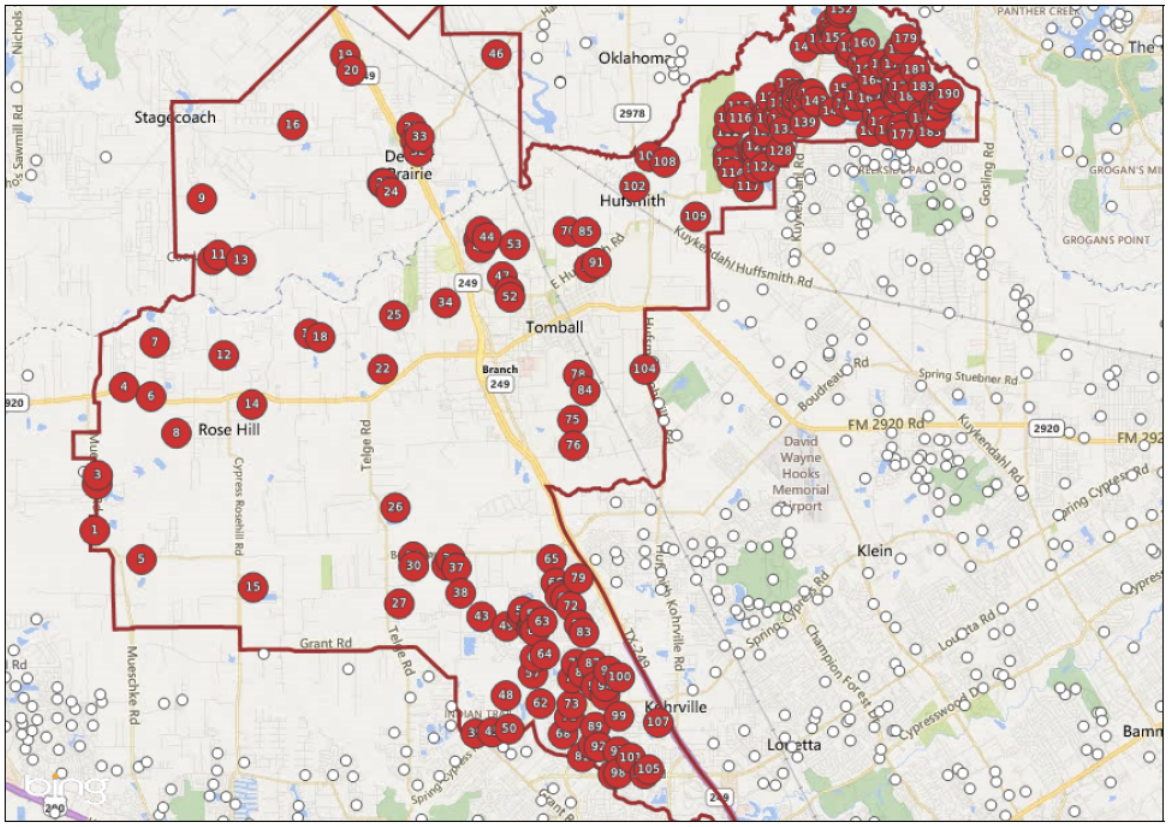

College Station
Coldspring
Sam Houston National Forest
Anderson
Navasota
Trinity River National Wildlife Refuge
Cleveland
Conroe
Brenham
The Woodlands
Hempstead
Kingwood
Liberty
Bellville
Eastex Fwy
Sealy
Katy
Houston
Channelview
Cloverleaf
Baytown
Anahuac
Bellaire
Pasadena
Deer Park
La Porte
Trinity Bay
Missouri City
Gulf Fwy
Eagle Lake
Rosenberg
Pearland
bing
© 2020 Microsoft Corporation © 2020 HERE

Single-Family Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is proposed with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the San Antonio area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Metrostudy, a locally recognized information provider, as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the City of Tomball in Harris County, Texas and is within the Tomball Independent School District. Therefore, data obtained from Metrostudy as of First Quarter 2020 for the defined area of "Tomball ISD ", as shown in the following map, will be analyzed with a summary of the details following.

Defined Submarket Map Area – Tomball ISD



TX | Harris Co. | Tomball (1Q20)
Copyright Metrostudy

metrostudy
Sales: 1-800-227-8839

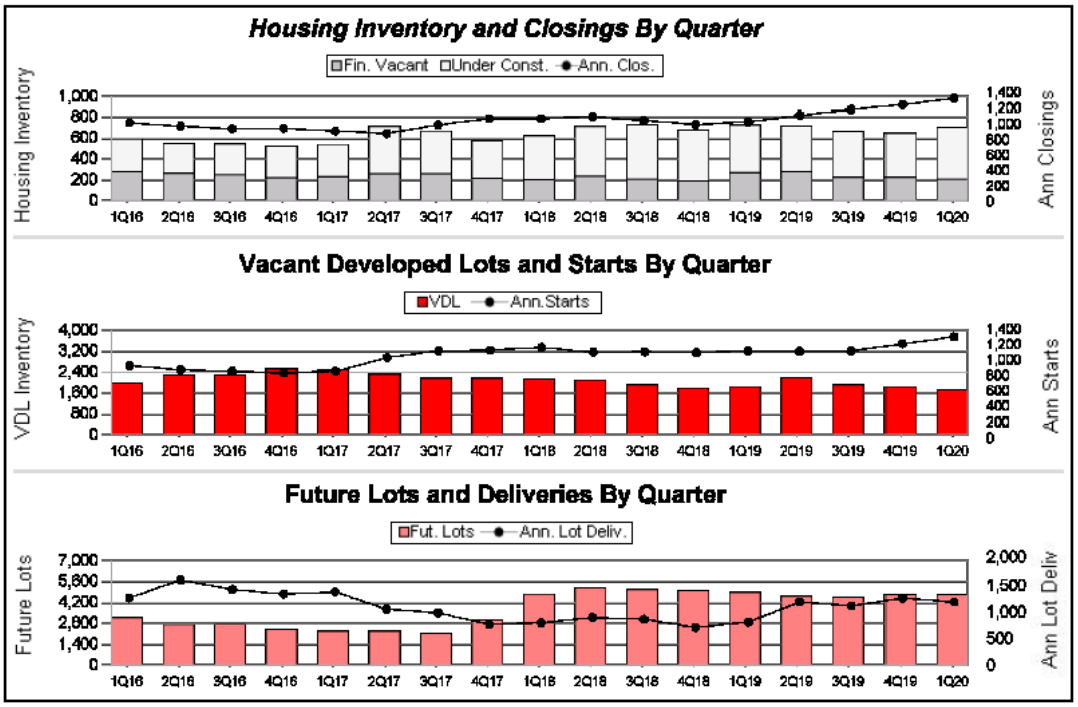
Following is a chart provided by Metrostudy summarizing the historical home/lot absorption from the past several years for the Tomball ISD submarket area:

Historical Housing Chart – Tomball ISD

Historical Housing Activity Summary

Current Selections

Qtr	Qtr Clos	Ann Clos	Model	FinVac	UC	Total Inv	Total Supply	Qtr Starts	Ann Starts	VDL	VDL Supply	Fut Lots	Ann Lot Deliv
1Q16	246	1,026	61	277	317	655	7.7	212	933	1,983	25.5	3,195	1,275
2Q16	243	982	60	263	290	613	7.5	201	879	2,298	31.4	2,742	1,608
3Q16	243	951	54	251	293	598	7.5	228	858	2,296	32.1	2,764	1,429
4Q16	221	953	53	224	298	575	7.2	198	839	2,530	36.2	2,408	1,347
1Q17	213	920	54	233	307	594	7.7	232	859	2,510	35.1	2,280	1,386
2Q17	211	888	52	259	453	764	10.3	381	1,039	2,319	26.8	2,270	1,060
3Q17	355	1,000	55	258	410	723	8.7	314	1,125	2,162	23.1	2,138	991
4Q17	301	1,080	53	217	359	629	7.0	207	1,134	2,173	23.0	3,040	777
1Q18	215	1,082	57	205	417	679	7.5	265	1,167	2,150	22.1	4,784	807
2Q18	234	1,105	53	238	474	765	8.3	320	1,106	2,117	23.0	5,220	904
3Q18	305	1,055	51	210	520	781	8.9	321	1,113	1,921	20.7	5,070	872
4Q18	251	1,005	48	191	486	725	8.7	195	1,101	1,792	19.5	5,002	720
1Q19	247	1,037	44	268	457	769	8.9	291	1,127	1,844	19.6	4,874	821
2Q19	318	1,121	49	281	434	764	8.2	313	1,120	2,193	23.5	4,624	1,196
3Q19	373	1,189	49	228	437	714	7.2	323	1,122	1,925	20.6	4,562	1,126
4Q19	311	1,249	47	226	418	691	6.6	288	1,215	1,846	18.2	4,759	1,269
1Q20	330	1,332	43	208	492	743	6.7	382	1,306	1,733	15.9	4,731	1,195



Houston Residential Survey (1Q20)
Copyright Metrostudy

metrostudy
Sales: 1-800-227-8839
A hanleywood Company

Defined Submarket Area – Tomball ISD

As shown in the chart on the previous page, the absorption of homes/lots within the submarket area was relatively stable between 2016 to late 2018 when absorption began increasing thereafter. According to Metrostudy, the Tomball ISD submarket area absorbed a total of 1,134 homes/lots in 2017 and slightly decreased in 2018 with 1,101 homes/lots absorbed. Absorption increased in 2019 with 1,215 homes/lots absorbed. As of First Quarter 2020, an additional 382 homes/lots were absorbed. It is important to note that in the previous 12-month period, a total of 1,306 homes/lots were absorbed.

Thus, since 2017 (3.25 years), the annual average of homes/lots absorbed was 1,179 homes/lots. Utilizing the more recent 12-month absorption of homes/lots, the annual average of homes/lots absorbed increases to 1,306 homes/lots in the Tomball ISD submarket.

According to Metrostudy, the existing supply of available housing is currently significantly below ideal levels in the submarket. The number of vacant developed lots in the submarket has substantially decreased with the lack of new supply from a high of 2,530 lots in Fourth Quarter 2016 to its current level of 1,733 lots in First Quarter 2020.

Based upon the Metrostudy absorption figures of the past 3.25 years, there is currently only an 18±-month (1,733 lots ÷ 1,179 lots = 1.5±-years) total supply of existing lots available in the Tomball ISD submarket. This total supply is considered to be well below the optimum lot supply levels of 2.0 to 2.5 years per Metrostudy. Also, when utilizing the more current 12-month absorption average of 1,306 home/lots, the total supply of existing lots available in the subject's Tomball ISD submarket decreases further to only 16±-months (1,733 lots ÷ 1,306 lots/year = 1.3± years), which is substantially below the low end of optimum lot supply levels in the submarket.

Thus, the total lot supply within the subject's Tomball ISD submarket is estimated to range from 1.3± years to 1.5± years (16± to 18± months). Currently, this total lot supply is considered to be well below the optimum supply levels. Also, taking into consideration that new developments require a typical nine to 12-month construction period, with increasing demand and dwindling lot supply, it appears that additional lot product in the submarket is feasible at the current time.

We will now narrow our residential analysis to the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption and feasibility for the subject's future lots with 50' frontages as follows. It is noted that we will also utilize this analysis in our valuation of the subject's Future Improvement Areas (Sections 2 and 3) within the "Development Approach/Land Residual" valuation.

Subject Neighborhood

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's 50' lots. All data is per Metrostudy as of First Quarter 2020.

Competitive Supply – Chart 1 - 50' Frontage Lots

Competitive Supply	1					
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF	No. Builders
Amira Tomball, Texas	Tomball	$274-$388	29	50' x 135'	6,750	2
Copper Bend Cypress, Texas	Tomball	$304-$417	60	50' x 120'	6,000	2
Copper Cove Tomball, Texas	Tomball	$234-$320	20	50' x 120'	6,000	1
Grove Landing Tomball, Texas	Tomball	$215-$285	114	50' x 120'	6,000	2
Northpointe/Enclave Cypress, Texas	Tomball	$255-$318	5	50' x 125'	6,250	2
Total			**228**			
Subject: Raburn Reserve	**Tomball ISD**			**50' x 125'**	**6,250**	
Source: Metrostudy as of First Quarter 2020						

The competitive supply presented above recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 50' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Having addressed the immediate competition, we will determine the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – Chart 1 - 50' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of First Quarter 2020.

Monthly Absorption Performance	1				
Subdivisions	Available Lots	Building Starts*	No. Months	Units/Month	Months Supply
Amira	29	65	12	5.4	5.4
Copper Bend	60	66	12	5.5	10.9
Copper Cove	20	32	12	2.7	7.5
Grove Landing	114	16	3	5.3	21.4
Northpointe/Enclave	5	55	9	6.1	0.8
Totals/Averages	**228**	**234**		**25.0**	**9.1**
Average Units/Month				**5.0**	
Subject: Raburn Reserve					
Source: Metrostudy as of First Quarter 2020					

Based upon the number of available lots and average absorption per month, the 228 lots remaining within these residential developments indicates only a 9.1±-month supply (0.8± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.

Additionally, it is also important to note that at the absorption rates presented, four of the five residential developments presented (Amira, Copper Bend, Copper Cove, and Northpointe/Enclave) are projected to be sold out within 10.9± months. Thus, it is reasonable that the subject, upon completion in March 2021, may capture a portion of the demand that these projects currently enjoy.

Overall, the competing residential developments indicate an absorption range of 2.7 units to 6.1 units per month, with an overall average of 5.0 units per month. To summarize, it is important to note the following facts:

- Four of the five residential developments presented (Amira, Copper Bend, Copper Cove, and Northpointe/Enclave) are projected to be sold out within 10.9± months. Thus, it is reasonable that the subject, upon completion in March 2021, may capture a portion of the demand that these projects currently enjoy.
- The subject's competitive supply is significantly under-supplied with only a 9.1± month-supply of developed lots.
- At the effective date of this appraisal, all 362 of the subject's 50' lots are under contract to two volume homebuilders (Taylor Morrison Homes and William Lyon Homes) at a total absorption of 9.4 units/month (4.7 upm/builder). The lot contracts are summarized as follows:

Lot Contract Summary - Raburn Reserve PID

Home Builder	Lot Type	Total Lots	Typical Lot Dimensions	Total SF	Base Lot Price	Base Price/FF	Average Absorption/ Month	Total Absorption Period (Months ±)
Taylor Morrison Homes	50'	181	50' x 125'	6,250	$62,500	$1,250	4.7	38.3
William Lyon Homes	50'	181	50' x 125'	6,250	$62,500	$1,250	4.7	38.3
Totals/Averages		**362**	**50' x 125'**	**6,250**	**$62,500**	**$1,250**	**9.4**	**38.3**

All lots are contracted with an annual 6% escalation, a $1,000/lot marketing fee, and a $1,500/lot perimeter fence fee.

- The overall lot supply within the Tomball ISD submarket is estimated to range from 1.3± years to 1.5± years (16± to 18± months) which is well below equilibrium lot supply levels of 2.0 – 2.5 years.

Absorption Projection – 50' Frontage Lots

Thus, the preceding data supports a projected absorption on a quarterly basis for the subject's lots with 50' frontages at 9.0 units per month (27.0 units per quarterly period) which is above that of the overall average of the competitive supply (5.0 upm), yet is slightly below that of the subject's lot contracts (9.4 upm) and has considered the substantial lack of lot supply for comparable lots. As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject's submarket area for 50' frontage lots.

Overall Absorption Summary Projection

As we are utilizing the "Development Approach/Land Residual" method in valuing the Future Improvement Areas – Sections 2 and 3, we have included absorption projections for this area as well as Improvement Area #1 – Section 1 as follows:

Improvement Area #1 – Section 1:

Projected Quarterly Absorption Summary							Total Aborp. Period
Lot Type	**Mar-21**	**Jun-21**	**Sept-21**	**Dec-21**	**Mar-22**	**Lots**	**(Months±)**
50' Frontage	27	27	27	27	25	**133**	**14.8**

As shown, the overall absorption for the subject's 133 lots within Improvement Area #1 is estimated to be 14.8± months or 9.0 units/month.

Future Improvement Area – Section 2

As shown, absorption is projected to begin in March 2022 after a 12-month construction period upon the completion of Improvement Area #1 – Section 1 as follows:

Projected Quarterly Absorption Summary							Total Aborp. Period
Lot Type	**Mar-22**	**Jun-22**	**Sept-22**	**Dec-22**	**Mar-23**	**Lots**	**(Months±)**
50' Frontage	27	27	27	27	2	**110**	**12.2**

Future Improvement Area – Section 3

As shown, absorption is projected to begin in March 2022 after a 12-month construction period upon the completion of Improvement Area #1 – Section 1 as follows:

Projected Quarterly Absorption Summary							Total Aborp. Period
Lot Type	**Mar-22**	**Jun-22**	**Sept-22**	**Dec-22**	**Mar-23**	**Lots**	**(Months±)**
50' Frontage	27	27	27	27	11	**119**	**13.2**

COVID-19 Impact on Current Valuations

The best measure of any impact on values due to COVID-19 would be in direct transaction indicators that are objectively verified and clearly show data points, current pricing discovery, and the ability to measure movement in values from a prior baseline; and to understand direction in overall values. This would include sales transactions, leasing activity, vacancy rates, and/or cap rates that have visibly moved off of early Q1 2020 levels (baseline) or form a conclusive basis for new pricing. However, given the unique nature and recency of this event, minimal activity is evident from which to draw benchmark comparisons based on transactional data.

In the absence of transaction data, there is empirical data in the market that can be gleaned and assist in estimating the valuation metrics and assessing their reliability in estimating current value. In this initial phase of the pandemic, early emerging trends include:

- Market confidence (fundamental economic fear)
- Expectations of impaired property/operating performance
- Re-pricing risk (debt and equity)
- Liquidity duration
- Impaired market and pricing activity

All or some of the above may be shorter-term issues, but others may linger and have a lasting impact on valuations in the commercial real estate (CRE) sector along a continuum of time.

At this juncture, the global question facing market participants is: “How long does this crisis last and how deep will its impact become?” At a minimum, Q2 2020 economic performance will be dismal based on most economic forecasts. Shelter-in-Place and Stay-at-Home Executive Orders for most of the U.S. states now run through April 30, at a minimum.

As of April 1, market confidence was moderate (for the moment) but uncertain in its moderate conviction. Many governments are inducing incentives to support their national economies. On March 27, 2020, the U.S. Congress approved a $2 Trillion stimulus package intended to support payrolls and create economic “breathing room.” The length of the current social-distancing measures likely impacts future operating performance.

One of the unknowns is, “How long can the world stay shut down, with everyone staying in their home?” There remains hope the onset of summer will slow the virus transmission; there is active concern for healthcare workers and their families, and concern for our own families. A psychologically important factor affecting market confidence is the shocking rate of supply disruption at all levels, particularly in medical supplies and protective equipment; all the more alarming to a U.S. population accustomed to everything on demand.

Based upon discussions and interviews with a wide range of market participants, a variety of factors and concerns are prevalent in the market that will likely have a negative impact broadly on CRE values, depending on property type and region. Essential Service Providers will be less impacted (distribution facilities, medical facilities, grocery service) as the performance of these sectors is expected to continue.

However, the broader market will experience myriad issues based on survey respondents including:

Uncertainty

- Restricted access to capital
- Unemployment concerns (increasing to 15% in Q2)
- GDP decline (-30% in Q2)
- Duration of crisis

Lender Concerns

- DSCR are impacted based on changes in rental revenue and collections
- Loan covenants could trigger due to changes in near-term value
- Borrowers are concerned about their tenants' ability to pay rent
- Borrowers are concerned about their ability to keep their loans current
- Lenders are also concerned about the need for loan modifications or work outs

Publicly Traded Securities

- Stock indexes are down approximately 25% to 30%
- REIT pricing down approximately 25%
- Crude oil down approximately 40%

Return Requirements

- Interest rates may stay in the 4%- 4.5% range, despite the Federal Reserve’s reduction efforts. Banks have to tightly manage their capital reserves and ratios and therefore are requiring higher spreads for current risk profile
- Durability of Cash Flow forces (new) equity investors to reprice risk. Standby (available, uncommitted) equity now has to be patient until a clearer “path forward” emerges
- Impact on cap rates would be upward

Each of the above observations provides empirical evidence that the market has shifted downward, and real estate values will likewise be impacted, but to what degree is not certain.

Few experts or economists at this point are willing to state a threshold duration at which point everything will return to normal quickly, versus a duration of limited economic activity that spirals into worldwide recession. At the moment, the prevailing hope throughout the world is that science miraculously manufactures a cure, while in the meantime, social activity has ceased.

Integra Current Valuation Framework (April 1 – present)

The preceding property market analysis focuses on recent historic trends before the physical and social impacts of the COVID-19 pandemic were revealed in the U.S. in early March 2020. The property market analysis was current through Q4-2019 with trends and indications for solid growth by most all market indicators. Many current market participants believe the CRE markets will return to trend – the lingering question, "How long will it take?" remains uncertain.

What we do know with reasonable certainty:

- At a minimum, Q2 economic performance will be dismal.
- Shelter-in-Place and Stay-at-Home executive orders will have a profound impact on GDP with rising unemployment damaging forward economic performance for three, if not six months at a minimum.
- The Federal Reserve's attempt to lower nominal rates was thwarted by lenders setting floors on spreads. Congress subsequently approved a $2 Trillion stimulus package on Friday, March 27, 2020. This could provide some economic relief, but businesses, owners, investors, and bankers need to support payroll retention and an aggressive program of economic goodwill throughout all sectors of the economy.

Everything forward beyond those three known factors remains subject to considerable risk/uncertainty.

The current macro-framework to sustain through this pandemic is to take 2007 "Blend and Extend" methods and enhance them. Be wary of repricing assets too quickly (downward), lest all asset prices collapse. A market equilibrium in transaction pricing will need to be reset over the coming 60 days, therefore do not delay in providing banking liquidity, and direct incentives to support a transaction reset. Do not backstop transaction repricing for too long because artificial pricing support could become unsustainable, prolonging economic recovery.

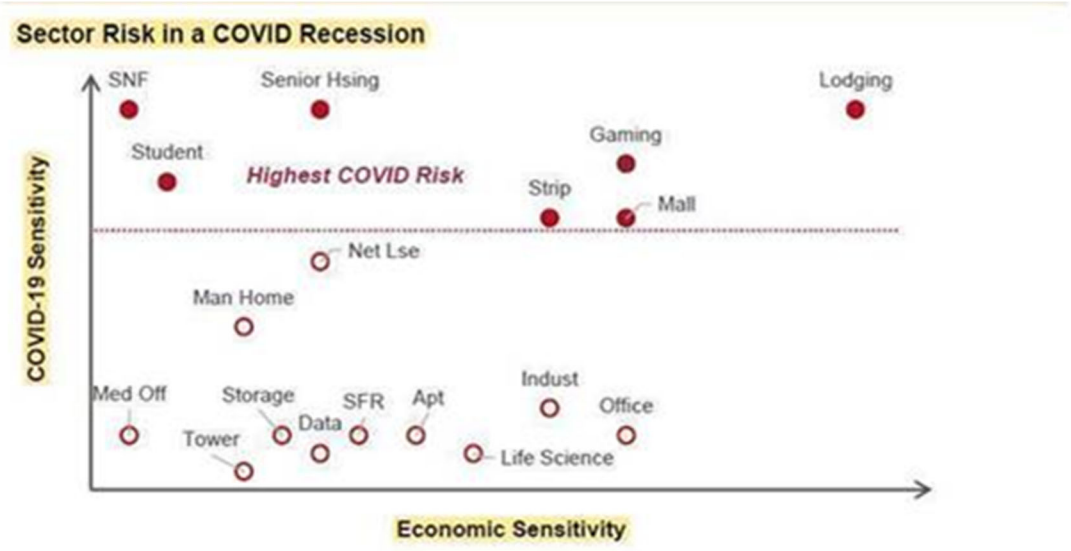
Our current surveys of market participants (March 11 – March 30, 2020) indicates a focus in the following areas impacting value:

- Impacts could (should) vary by property type, class, and location
- Cost of capital (both debt and equity) is increasing, but at different rates for different asset classes
- Declines in property operations/forecasts (NOI) vary in duration based on property type, class; location; and tenant durability under potential recessionary pressures
- Increases in cap rates (and normalized yields) will vary by property type, class and location as will the underlying assumptions on stabilized or periodic cash flow

- Marketing times for most assets will increase, but the next 45 days will be uncertain on outright marketability regardless of price. This so far has not yet occurred, although deals and listings have slowed dramatically in these first few weeks. To a large extent, deal flow has halted based on the sheer physical constraints imposed on property showings/due diligence, etc. under current distancing restrictions.
- Market sentiment in the coming 14 - 30 days regarding healthcare performance/business performance/employment security/physical security will affect market investment expectations, yields, and the temperament for risk.

Impact by Property Type, Class & Location

Below is a graph prepared by Greenstreet Advisors plotting the sensitivity (and risk) associated with various property types with the negative impact on value being greater for those assets with greater sensitivity. Those assets relating to essential business operations (grocery, medical, distribution) are less affected than for example lodging and malls where social distancing is more difficult.



Cost of Capital/Liquidity

The cost of capital, both for debt and equity, had been at near historic lows pre crisis. Borrowers had a myriad of options from a variety of capital sources. As the crisis began to unfold in early 2020, treasury rates were moving down as the Fed sought to keep the market liquid. When it became clear the global crisis had landed in the United States, the Fed moved rates to near zero. Many lending institutions instituted floors (spreads widened) because the fixed costs of doing a deal had to be covered.

As lenders are coming to grips with the severity of the economic outlook, many have pulled back from the market altogether while others reacted by raising interest rates, lowering loan to values, or a combination of both. There are clearly some lenders who are “out” while others remain in the market. There are fewer options in the market and those options are more expensive today than 30 days ago. The rise in cost varies notably by property type with agency lenders and HUD determined to provide liquidity to the multi-family market while at the other end of the spectrum, financing a hotel is challenging, land financing is nonexistent. Assets focused on essential business operations (e.g., grocery or last mile industrial) remain in favor as do net leased assets with recession-resistant business profiles.

Equity is less clear at the moment. While large pools of capital were being raised through 2019 and into Q1 2020, the strategy has suddenly shifted. Equity is available, and deals are finalizing that were contracted pre-COVID-19, on the strength of the equity sponsor, but deal flow will likely pause for 15-30 days as equity repricing occurs. This will coincide (hopefully) with an abatement (or clarity) in the world’s critical health status by May 1, 2020.

Declines in Property Operations/Forecasts

The lodging, retail, student housing, and senior sectors are generally viewed as expecting to suffer the greatest. Once again, this varies by location and type. Restaurant retail is generally viewed as having greatest risk but is expected to rebound quickly as pent-up demand explodes when everyone can leave their home. Grocery retail is currently performing well with big box stores setting record sales per square foot.

Radical changes in the employment picture will begin to affect the housing sector, both single-family and apartments. Apartments will not be immune or “safe” from lost rent, varying by type and location depending on the tenant base employment and its ability to weather a 6 to 12-month contraction.

There is an expectation in the market that, for many retail centers, tenants will not be paying rent. Without customers, particularly in states with stay-at-home orders, there simply is no revenue available. Tenants and owners alike are reviewing force majeure clauses in their leases.

Rent projections are being held flat in modeling cash flows going forward with the length of time dependent on the asset type.

Depending upon whether values are based on yield capitalization (DCF) or direct capitalization, care must be given to provide “stabilized” forecasts to capitalize; and to normalize yield levels for projecting variable year yield cap.

Premiums on Capitalization Rates

While many deals have fallen out of contract, other deals are still closing. Some are closing at their pre-crisis contract price levels while many deals are being re-traded in the market with discounts influenced by property type, location, and buyer/seller motivations.

As the transaction market solidifies, the impact on capitalization rates will become clearer. Some market participants believe the answer to market value lies in the capitalization rates while others believe rates are not moving but net operating income in the short run is being impacted. Once again, the answers vary by property type and location.

Clearly, the cost of capital (debt and equity) has increased. Valuation theory suggests via band of investment analysis that as interest rates and cash on cash equity rates increase, capitalization rates increase. A 100-basis point upward movement in interest rates for example, combined with a modest rise in equity returns, can move capitalization rates up over 100 basis points. We temper this analysis however with the understanding that it is difficult to settle on the inputs given the wide range of data in the market. In addition, care must be taken not to "double hit" the analysis by modeling significantly lower net income, via lower performance projections, and at the same time raising the return requirements.

Normalization of Yields

All yield capitalization is based on forward forecasting of property performance to generate a current cash flow, and future forecasted reversion. Therefore, the timeframe for the market to reach a point of pricing transparency to "return to par" is the critical assumption in the yield cap.

The longer or less likely the assumptions are, the higher the near-term yields. Valuation theory and past downward economic cycles suggest a shortening of the holding period and a normalization of "overall yield" applied over the shorter holding period.

As the transaction market solidifies, the impact on investment rates and relationship of assumption risk to market risk will become clearer.

Marketing and Exposure Time

At the present time, there is consensus of declining market demand in CRE transactions, due to market conditions ensuing from COVID-19. It is natural to assume that exposure time on properties either for sale or lease, will likely be extended. Comparing pre-COVID-19 exposure periods (perhaps the best) to the banking crisis of 2008/2009 (perhaps the worst) can glean some differences that could extrapolate to exposure time going forward, i.e. from peak to trough.

Sector	Months on Market March 2008-09	Months on Market March 2018-19	Change in Months	% Change Peak to Trough
Office	29.6	14.8	14.8	100%
Retail	15	11.4	3.6	32%
Industrial	19.6	6.7	12.9	192%
Average	21.4	11.0	10.4	95%

Source: Costar – data presented in Months

Days on the market increased substantially in the last economic crisis of 2008-2009, with an average of 21 months on market for major property classes. For the trailing 12 months preceding the COVID-19 crisis, days on market were 11 months.

Based on this historical perspective, marketing time could potentially double from current levels. This must be tempered, recognizing that the depth and duration of this current economic crisis is tied to a health crisis and may have a conclusion more closely tied to its resolution.

Market Sentiment/Participant Interviews

While transaction data is limited, we look to market participants (developers, investors, lenders, brokers, other appraisers) as a leading indicator of where the market is currently, and where they believe the market is heading. Following is a summary of key interviews undertaken during the week of:

Mr. Brian Stidham **Role/Title:** Director **Company:** Hines

Generally speaking, traffic and sales have been good to great since COVID. Builders are cautiously optimistic but say that sales have been well above what they anticipated when COVID initially hit in March. The initial uncertainty was quickly overcome once builders adapted to selling with social distancing practices. Traffic continued to come into communities. A positive is that only serious buyers are showing up eliminating wasted time on those not really looking to buy.

Mr. Don Dykstra **Role/Title:** Chairman/Owner **Company:** Bloomfield Homes

You've got some real positives and you've got some negatives. The positives are that there are people who want out of apartments. And you've got very low inventory of resale homes. I think there's also a preference for the new, fresh, clean, unlived-in home vs. a used home right now. We're also offering some very attractive financing — 2.99 percent fixed for 30 years. The negative is we're seeing cancellations due to job loss and to general buyer nervousness. It's still a very fluid market, but there's a lot of business being done.

Mr. Brian Motsenbocker **Role/Title:** Associate **Company:** PMB Capital Investments

I have seen no change in our current project. The builders are on schedule for takedowns upon completion. The apartment development was slowed due to weather but is still full speed ahead.

Mr. Patrick Bourne **Role/Title:** Principal **Company:** Sundance Analytics

Deals with Public Improvement Districts and assisting developers with the process and underwriting. Cities and Counties are continuing the process, yet some are having to realign their staffing which may cause some slow down but no stoppage. As far as new business is concerned, they are still seeing interest in PID's from both developers and municipalities. He has seen no change in this project.

Mr. Ben Caballero **Role/Title:** Owner **Company:** HomesUSA.com

An overall deceleration in new home sales appears to have begun as builders I have been speaking with are telling me this month, they are seeing cancellations, due to lenders deploying more stringent underwriting criteria as well as job uncertainty.

General Public Market Sentiment

General public market sentiment is a changing rollercoaster with each passing day. Right now, sentiment is cautious and trying not to overreact, but provide some relief, negotiate in good faith; try and be humane and understand the entire world is in this together. Some countries take two weeks off each year for holiday, and their entire economy doesn't fall apart. The world is not going to take another four-week vacation from large components of consumer-facing and public activities.

Most humans are sequestered in their homes with limited social contact, with reasoned concerns for the health and safety of our families and friends, all the while consuming worldwide coverage and analysis of atypical death rates from an infectious virus not seen in over 100 years.

Market sentiment more than likely gets worse in the coming weeks before it gets better, absent the announcement of a miracle cure/treatment during that time.

Conclusion

This heightened uncertainty forms the basis of defined risk. Considering the subject's relative sensitivity to the COVID-19 risks as of the effective date of the valuation, the relative risks of the subject property are as follows:

Risk Analysis	
Property Type Sensitivity to Risk	Low
Property Location Sensitivity to Risk	Low
Cost of Capital Impact/Risk	Low
Property Operations Risk	N/A

For this appraisal, this asset type, and its relative sensitivity to the COVID-19 pandemic, the valuation considers issues impacting value in the following manner based on the above risk analysis.

Valuation Parameters	
Covid-19 market condition adjustments (sales comparison)	No
Any transaction evidences?	No
Market participant interviews?	Yes
Inference by investment rate changes?	No
Market rent adjustments	N/A
Cap Rate adjustments	N/A
Vacancy and downtime probability adjustments	N/A
Cashflow modeling adjustments	N/A
Marketing time extended (based on current pricing)	No

Methods	
Does the appraisal method make an adjustment after the value conclusion for short-term (<2 years) of atypical rent loss due to COVID-19?	No
Direct capitalization by adjusting cap rate only?	N/A
Yield capitalization normalization?	N/A
Cost approach	N/A

Surrounding Area Analysis

Boundaries

The subject is located in the City of Tomball, Texas in the northwest sector of Harris County, Texas and is northwest of Houston. This area is generally delineated as follows:

North	Harris County Boundary Lines
South	SH-99 (Grand Parkway)
East	IH-45
West	SH-249 (Tomball Tollway)

A map identifying the location of the property follows this section.

Access and Linkages

Primary access to the area is provided by SH-249 (Tomball Tollway), a major arterial that crosses the Houston metro area in a north/south direction. Access to the subject from SH-249 is via Medical Complex Drive to Agg Road and travel time is approximately 10 minutes. Additional access to the subject is provided from IH-45, a major interstate highway that crosses the Houston metro area in a north/south direction. Access to the subject from IH-45 is provided by SH-99, and travel time from the IH-45 to the subject is about 15 minutes. Overall, vehicular access is average.

The George Bush Intercontinental Airport is located about 30 miles from the property; travel time is about 30 minutes, depending on traffic conditions. The Houston CBD, the economic and cultural center of the region, is approximately 35 miles from the property.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2020 Estimates	3-Mile Radius	5-Mile Radius	10-Mile Radius	Harris County, TX	Houston-The Woodlands et al, TX Metro
Population 2010	25,414	83,107	476,900	4,092,459	5,920,416
Population 2020	38,200	122,450	610,108	4,787,379	7,170,379
Population 2025	41,780	134,579	661,689	5,125,699	7,709,324
Compound % Change 2010-2020	4.2%	4.0%	2.5%	1.6%	1.9%
Compound % Change 2020-2025	1.8%	1.9%	1.6%	1.4%	1.5%
Households 2010	8,914	27,627	171,066	1,435,155	2,062,529
Households 2020	13,103	40,160	216,203	1,666,546	2,487,698
Households 2025	14,290	44,021	233,973	1,782,069	2,674,672
Compound % Change 2010-2020	3.9%	3.8%	2.4%	1.5%	1.9%
Compound % Change 2020-2025	1.7%	1.9%	1.6%	1.3%	1.5%
Median Household Income 2020	$77,649	$93,740	$90,278	$61,114	$67,065
Average Household Size	2.8	3.0	2.8	2.8	2.9
College Graduate %	36%	40%	44%	31%	32%
Median Age	36	35	37	34	35
Owner Occupied %	71%	81%	75%	57%	63%
Renter Occupied %	29%	19%	25%	43%	37%
Median Owner Occupied Housing Value	$257,728	$259,316	$272,908	$192,926	$213,704
Median Year Structure Built	2004	2005	2001	1987	1992
Average Travel Time to Work in Minutes	35	36	36	32	33

Source: Environics Analytics

As shown above, the current population within a five-mile radius of the subject is 122,450, and the average household size is 3.0. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Harris County overall, the population within a five-mile radius is projected to grow at a faster rate.

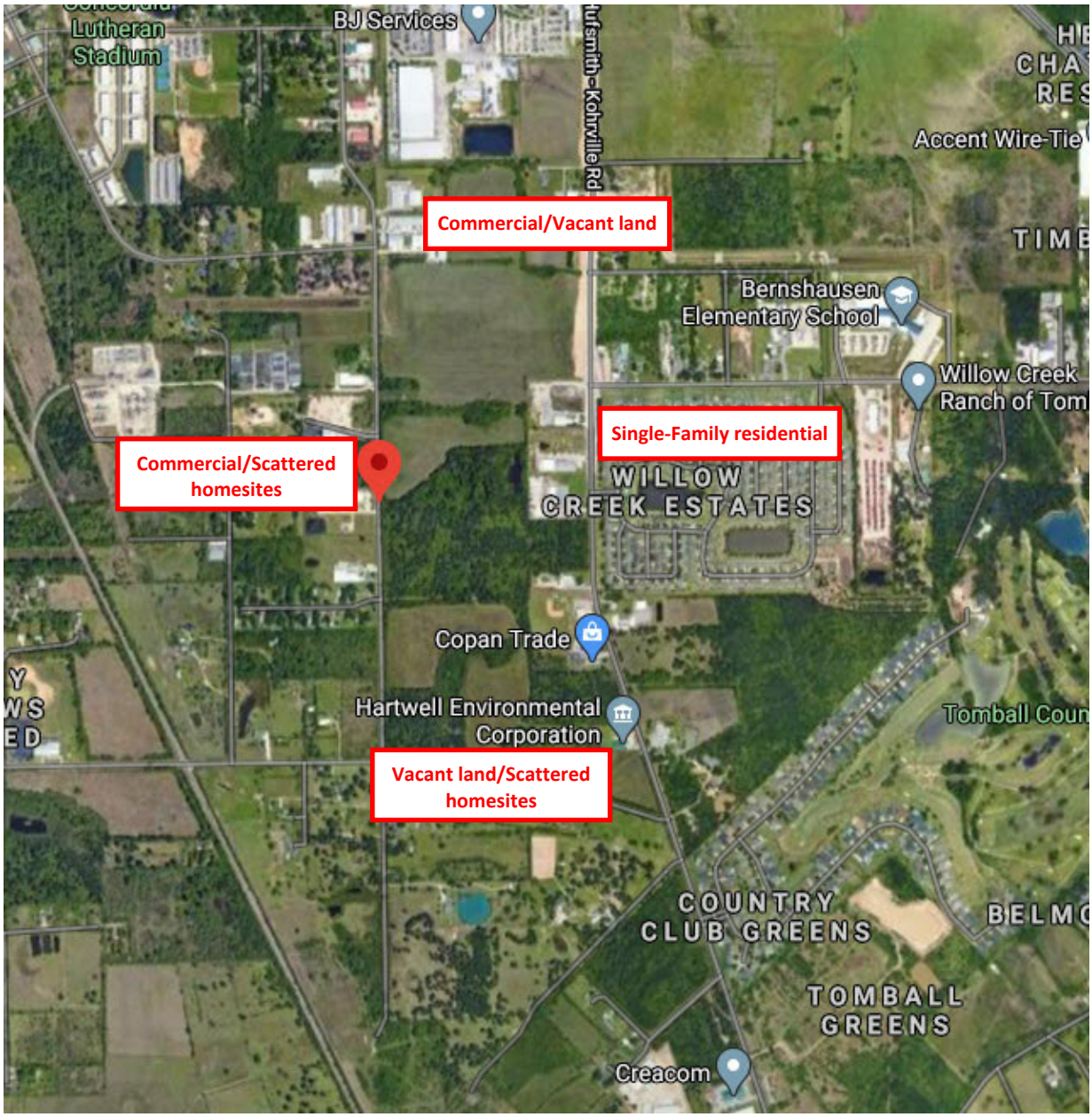
Median household income is $93,740, which is higher than the household income for Harris County. Residents within a five-mile radius have a higher level of educational attainment than those of Harris County, while median owner-occupied home values are considerably higher.

Land Use

In the immediate vicinity of the subject, predominant land uses are a mixture of single-family residential with supportive commercial uses. Other land use characteristics are summarized as follows:

Surrounding Area Land Uses	
Character of Area	Suburban
Predominant Age of Improvements	New to 50± years
Predominant Quality and Condition	Average
Approximate Percent Developed	75%
Infrastructure/Planning	Average

Subject's Immediate Surroundings	
North	Commercial/Vacant land
South	Vacant land/Scattered homesites
East	Single-family residential
West	Commercial/Scatter homesites



Development Activity and Trends

The Tomball area is located in close proximity to the Greater Houston metropolitan area. During the last five years, development has been predominantly of residential uses with supportive commercial, industrial, and retail uses. The pace of development has generally accelerated over this time. We have provided some examples of recent development trends in and around the surrounding areas.

Augusta Pines Golf Club is a semi-private, 18-hole golf club open to the public that is 10 minutes outside of Tomball. It offers of a 100,000 square-foot club house, equestrian center, and office space with golf course views.

Burroughs Park is a 320-acre park featuring trails, lake fishing, playgrounds, sports fields, a dog park, observation deck, and an award-winning barbecue pavilion that seats over 250 people. Located in Tomball, the park hosts many community events and is open 361 days out of the year.

David Wayne Hooks Memorial Airport is a public-use airport located near Tomball. It is 23 miles from the central business district of Houston and is the busiest general aviation airport in Texas.

Gleannloch Pines Golf Club is a semi-private ,27-hole golf club under the same ownership as Augusta Pines that is located 10 minutes outside of Tomball. It is open to the public and provides an award-winning clubhouse designed to host weddings, banquets, and corporate events.

Grand Park Toll Road shares a direct connection to the recently completed Tomball Tollway. This connection consists of a 12 mile, four-lane controlled access toll road that runs through Harris County, Texas.

HCA Houston Healthcare has a nationally recognized, 150-acre campus in Tomball. HCA is the largest healthcare system in Houston and the Tomball location is a part of it. The Tomball campus, located at Holderrieth Boulevard, features specialty centers for sports medicine, heart health, women's health, and robotic surgery.

Lone Star College - Tomball is a public community college system that serves northern portions of the Greater Houston area. Moreover, in terms of enrollment, it is the largest higher education institution in the Greater Houston area. The Tomball campus with an enrollment of over 9,000 students is one of six in the Lone Star College System. Dedicated and opened in 1988, the college sits on 143 acres on Tomball Parkway just south of Spring.

The Club at Carlton Woods Creekside, located minutes from Tomball, is one of the top-rated golf clubs in the State of Texas. It boasts two 18-hole golf courses that are designed by two of the best modern-day golf course architects: Jack Nicklaus and Fazio Design.

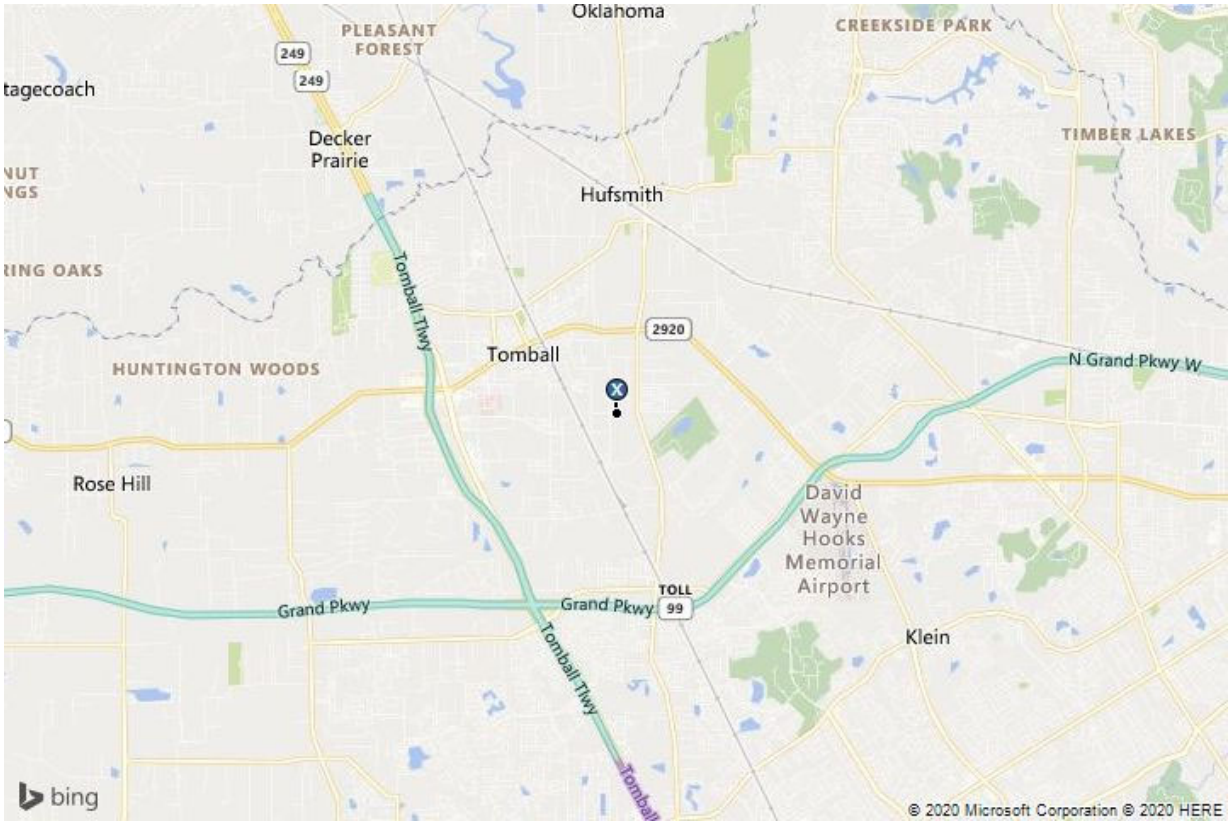
Tomball Business and Technology Park consists of 99.5 acres of land located at the northwest corner of Hufsmith-Kohrville Road and Holderrieth Road, within the City of Tomball. The Park is master-planned, and deed restricted with a "Light Industrial" zoning classification. Flexible lot sizes and competitive pricing combined with low property taxes and a skilled local labor force make the Park an attractive location for new and expanding businesses.

Tomball Independent School District serves students in northern Harris County and southwestern Montgomery County, is approximately 20 miles northwest of Houston's central business district and is 15 miles southwest of the Woodlands. Tomball ISD consists of three high schools, two junior high schools, three intermediate schools, and 10 elementary schools. In 2019, total enrollment reached 16,962 students.

Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the close proximity to the Greater Houston area, recent infrastructure development, and an increasing growth trend, property values are anticipated to increase in the near future.

Surrounding Area Map



Property Analysis

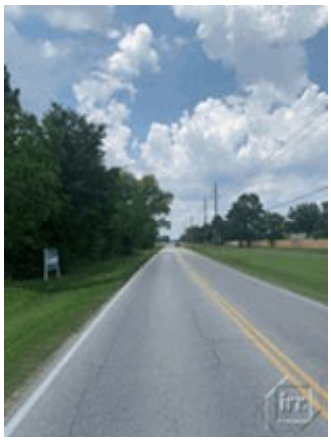
Location

The property (Raburn Reserve Public Improvement District) is located on the east side of S. Persimmon Street and west side of Huffsmith Kohrville Road at Sutton Lane in the City of Tomball, Texas. The property is located within the Tomball Independent School District.

Land Description and Analysis

Land Description	
PID Land Area - Overall	105.0452 Gross Acres
Improvement Area #1 -Section 1	45.483 Acres; 1,981,239 SF
Future Improvement Area - Section 2	27.860 Acres; 1,213,582 SF
Future Improvement Area - Section 3	31.702 Acres; 1,380,939 SF
Source of Land Area	Engineering Report
Primary Street Frontage	South Persimmon Street - 3,773 feet
Shape	Irregular
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	48201C0230L
Date	June 18, 2007
Zone	X
Description	Outside the 500-year flood plain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Tomball, Texas
Zoning Designation	PD-12
Description	Planned Development - 12
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single-family master-planned development with some commercial use
Other Land Use Regulations	None
Utilities	
Service	Provider
Water	Tomball, Texas
Sewer	Tomball, Texas













General Description - Raburn Reserve Public Improvement District

The subject of this report represents 105.0452 acres of land (4,575,760 square feet) located within the Raburn Reserve Public Improvement District in the City of Tomball, Harris County, Texas. The district is planned to be developed with a total of 362 detached, single-family lots (3.4 upa). All of the lots are proposed to be developed with one typical lot dimension of 50' x 125' (6,250 square feet) and are designed for front access.

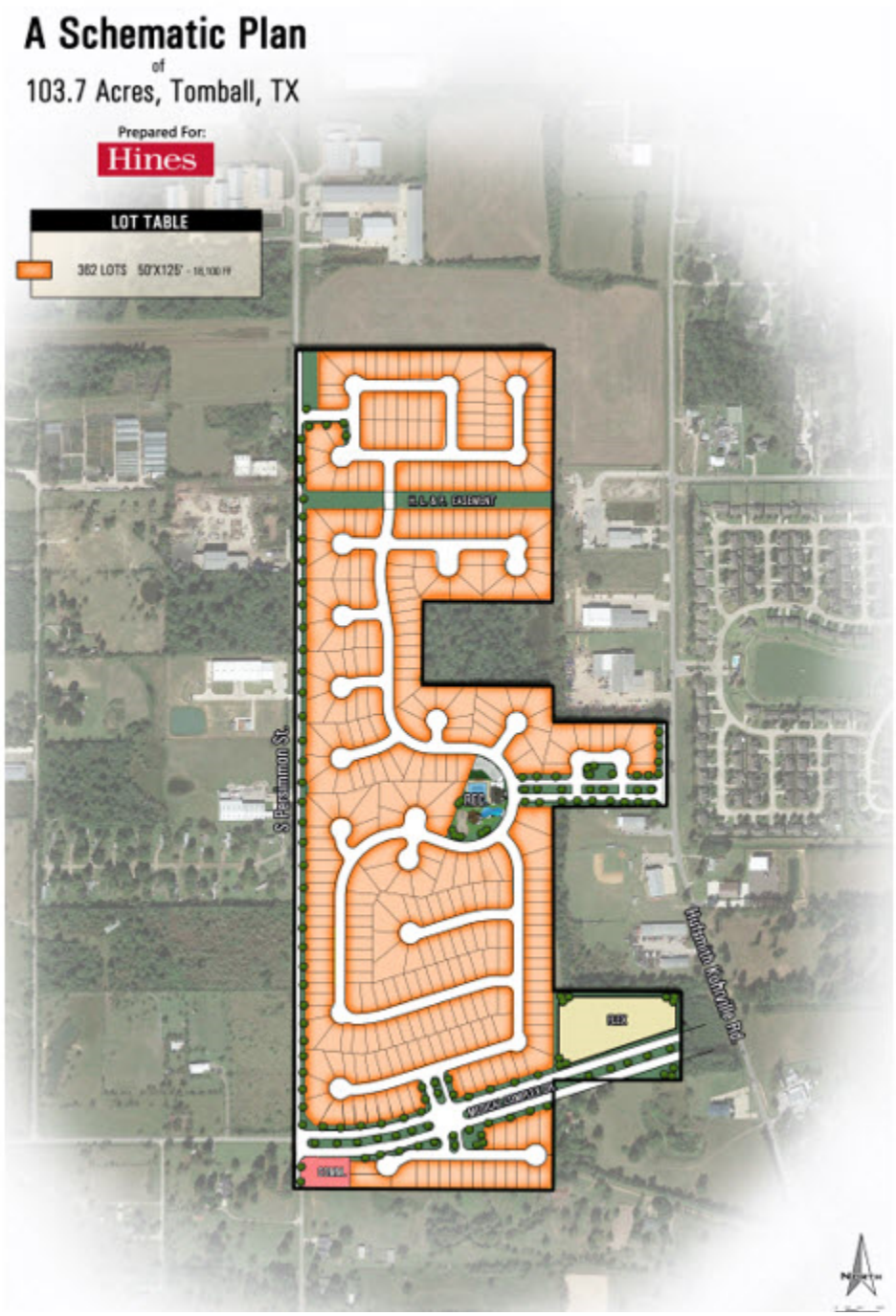
Improvement Area #1 (Section 1) will be initially developed with 133 lots on 45.483 acres (2.9 upa) and will be valued as developed lots. The remaining acreage is planned with 110 future lots on 27.860 acres (3.9 upa) as Future Improvement Area, Section 2 and 119 future lots on 31.702 acres (3.8 upa) as Future Improvement Area, Section 3 and will be valued as vacant land. The property is zoned PD-12, Planned Development - 12, which permits single-family master-planned development. Access to Improvement Area #1 (Section 1) will be from one main entry/exit from Huffsmith Kohrville Road located along the eastern boundary of the subject. The projected completion date for Improvement Area #1 is March 1, 2021.

The Raburn Reserve Public Improvement District is summarized in the following exhibit. It is noted that a large portion of the development costs will be paid for by the bonds ($1,472,073 or $13,382/lot for Future Improvement Area – Section 2 and $1,623,475 or $13,643/lot for Future Improvement Area – Section 3) resulting in the following private costs which will be utilized in our valuations.

Summary - Raburn Reserve Public Improvement District, Tomball, Harris County, Texas

Premise	Location	Total Acres	Total Lots	UPA	Typical Lot Dimension	Private Development Costs	Private Development Costs/Lot
Improvement Area #1 (Section 1)	East side of S. Persimmon St.@ Sutton Ln.	45.483	133	2.9	50' x 125'	$3,311,579	$24,899
Future Improvement Area (Section 2)	North of IA#1 (Section 1)	27.860	110	3.9	50' x 125'	$1,489,204	$13,538
Future Improvement Area (Section 3)	South of IA#1 (Section 1)	31.702	119	3.8	50' x 125'	$1,747,423	$14,684
Totals/Averages		**105.045**	**362**	**3.4**		**$6,548,206**	**$18,089**

Schematic Plan



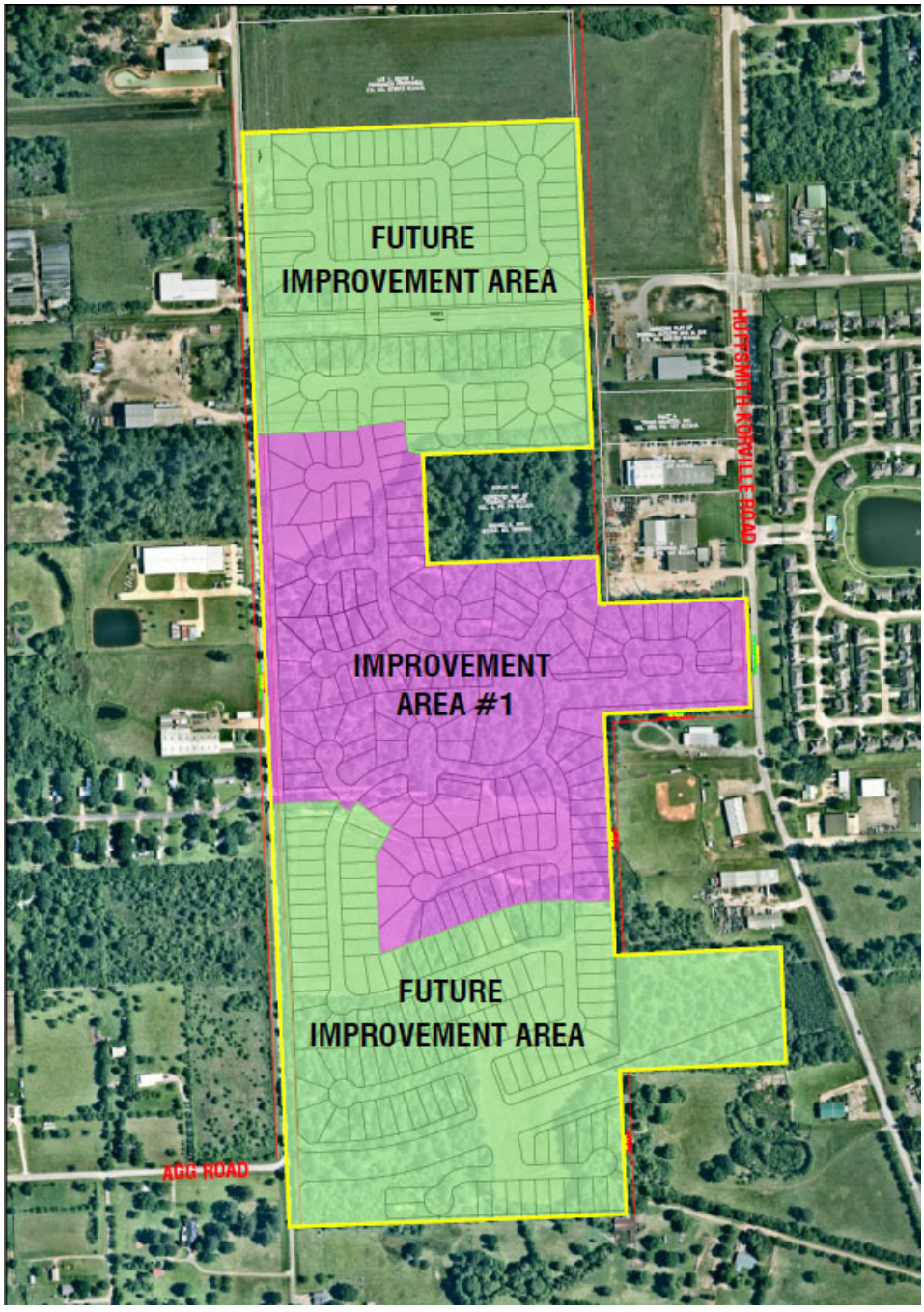
Plat, Raburn Reserve, Section 1



RABURN RESERVE
SEC. 1

BEING A SUBDIVISION OF 105.0452 ACRES OUT
OF THE JESSE PRUETT SURVEY, A-629
CITY OF TOMBALL
HARRIS COUNTY, TEXAS.

Improvement Area Exhibit



Allocation of Authorized Improvements

A. Improvement Area #1 Improvements

- *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. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Water*

  Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, water mains, valves, fire hydrants, testing, earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Wastewater*

  Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, sewer mains, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Storm Water*

  Improvements including earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm water. The storm water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

  Costs incurred in the establishment, administration and operation of the District; costs related to designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, and contingency; and, costs associated with financing the Authorized Improvements.

- *District Formation Costs*

  Costs incurred by the Developer including attorney fees, financial consultant fees, and other fees related to the formation of the District and the levy of Improvement Area #1 Assessments.

B. Future Improvement Area Improvements

As Future Improvement Areas are developed and Assessments are levied on Assessed Property within the Future Improvement Areas, this Service and Assessment Plan will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the Assessed Property inside each Future Improvement Area.

C. 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.

- *Deposit to Delinquency and Prepayment Reserve Fund*

  Includes initial deposit to Delinquency and Prepayment Reserve Fund.

- *Deposit to Administrative Expense Fund*

  Includes first year Annual Collection Costs.

- *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, paying agent fees, Trustee fees and any other cost or expense directly associated with the issuance of PID Bonds.

EXHIBIT C – AUTHORIZED IMPROVEMENTS

Authorized Improvements	Total Costs [a]	Improvement Area #1 %	Improvement Area #1 Cost
Improvement Area #1 Improvements			
Roadway [b]	$ 2,032,992	100.00%	$ 2,032,992
Water	212,679	100.00%	212,679
Wastewater	499,294	100.00%	499,294
Storm Water [c]	1,362,175	100.00%	1,362,175
Soft Costs [d]	760,656	100.00%	760,656
	$ 4,867,795		$ 4,867,795
Bond Issuance Costs [e]			
District Formation Costs	$ 150,000		$ 150,000
Debt Service Reserve Fund	225,600		225,600
Capitalized Interest	112,396		112,396
Deposit to Delinquency and Prepayment Reserve	20,025		20,025
Deposit to Administrative Expense Fund	65,000		65,000
Underwriter's Discount	200,000		200,000
Cost of Issuance	300,250		300,250
	$ 1,073,271		$ 1,073,271
Total	**$ 5,941,066**		**$ 5,941,066**

Footnotes:

[a] Costs pursuant to EHRA Engineering's Preliminary Cost Estimate.

[b] Roadway includes excavation, paving, clearing, grubbing and site prep.

[c] Storm Water includes on and off-site costs as well as storm water pollution prevention plan.

[d] Soft Costs include a 10% contingency fee, engineering fees, geotech and construction materials testing fees and construction staking fees.

[e] Bond Issuance Costs include estimated costs for issuing PID Bonds to refund the Improvement Area #1 Reimbursement Obligation.

Real Estate Taxes

Real estate tax assessments are administered by the Harris County Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value (certified in July) for a property by $100, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout the state, in addition to one or more local taxing district rates. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2020

		Assessed Value					Taxes and Assessments		
Tax ID	Size (Acres)	Land	Improvements	Total	Ag. Loss	Total Assessed Value	2019 Tax Rate	Ad Valorem Taxes	Total Taxes with Ag. Exemption
0352900000338	5.000	$245,543	$0	$245,543	$245,043	$500	2.452655%	$6,022	$12
0352900000360	35.000	$1,065,717	$0	$1,065,717	$823,737	$241,980	2.452655%	$26,138	$5,935
0352900000382	5.000	$272,250	$0	$272,250	$271,750	$500	2.452655%	$6,677	$12
0352920000343	5.000	$272,250	$0	$272,250	$0	$272,250	2.452655%	$6,677	$6,677
0352920000353	5.000	$272,250	$0	$272,250	$0	$272,250	2.452655%	$6,677	$6,677
0352920000358	5.000	$653,400	$0	$653,400	$0	$653,400	2.452655%	$16,026	$16,026
0352920000364	30.000	$980,100	$0	$980,100	$977,100	$3,000	2.452655%	$24,038	$74
0352920000525	10.000	$544,500	$0	$544,500	$0	$544,500	2.452655%	$13,355	$13,355
Totals	100.000	$4,306,010	$0	$4,306,010	$2,317,630	$1,988,380	2.452655%	$105,612	$48,768
Average/Acre		$43,060	$0	$43,060	$23,176	$19,884		$1,056	$488

The subject is currently assessed at a total of $4,306,010 or a total annual tax estimate of $105,612 by the Harris County Appraisal District as an assemblage totaling 100.000 acres (with agricultural exemption on 75.000 acres, the total assessed value is $1,988,380 or a total annual tax of $48,768). Based on the concluded market value of the subject, the assessed value appears low. Under development, the developer of the site may be liable for three years of back real estate taxes, plus interest annually on the agricultural exempt acreage. This is considered typical of properties located in growth corridors such as the subject. However, the estimated taxes for the subject's proposed residential lots will be based upon our market value opinions within the discounted cash flow statements within this report.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned PD-12, Planned Development - 12. Permitted uses include single-family master-planned development with some commercial use . To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single-family residential use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

Development of the site, as proposed, with single-family uses is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property, as proposed.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized
Development Approach	Applicable	Utilized

Sales Comparison Approach

To develop an opinion of the subject's lot values within Improvement Area #1 (as well as for the Development Approach/Land Residual valuation for the Future Improvement Areas – Sections 2 and 3), as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to the one lot type being 50' frontage lots. The Sales Comparison Approach will be utilized to determine lot values and is summarized as follows:

Land Parcels

Name	SF	Acres	Units	Unit of Comparison
Developed Lots	6,000	0.138		Front Footage

Developed Lots (50’ x 125’; 6,250 SF)

To apply the sales comparison approach to the Developed Lots, we searched for sale transactions within the following parameters:

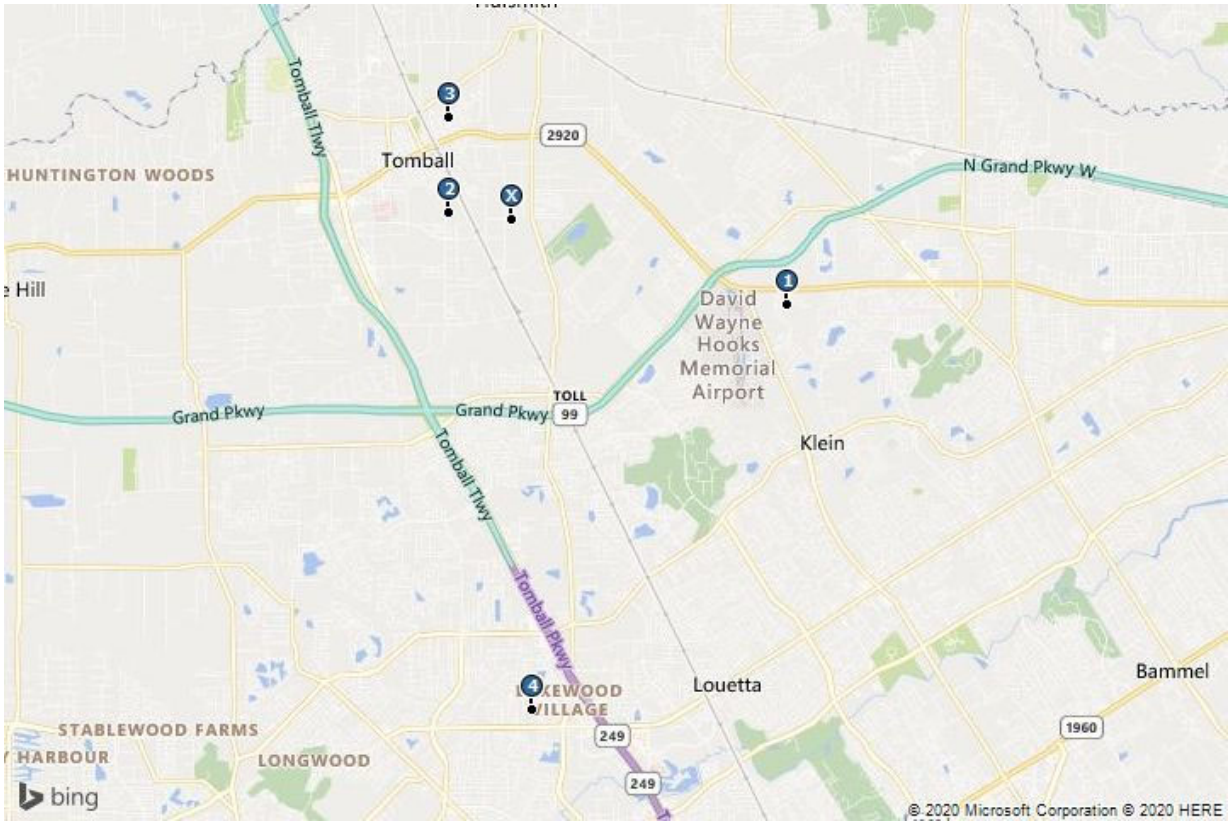
- Location: Tomball, Harris County, Texas and surrounding areas
- Size: 50’ frontage lots
- Use: Detached single-family residential
- Transaction Date: August 2018 to present

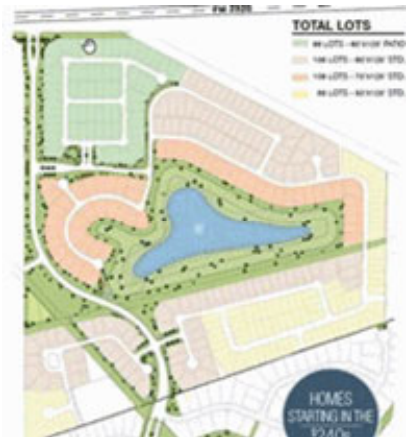
For this analysis, we use price per front footage as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Developed Lots

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Front Footage/Lot Dimensions	Zoning	$/Front Footage
1	Laurel Glen, Section 4 - 50' Lots South side of FM-2920, east of Stuebner Airline Road Spring Harris County TX	Oct-19 Closed	$64,210	6,250 0.14	50 50' x 125'	Planned Development - 12	$1,284
	Comments: Lots in this multiphase development are located in the Klein ISD. Home prices are ranging from $240,000 to $320,000.						
2	Copper Cove - 50' Lots East side of S. Cherry Street, north of Agg Road Tomball Harris County TX	May-20 Closed	$50,000	6,000 0.14	50 50' x 120'	Single-Family 6	$1,000
	Comments: Lots in this development are located in the Tomball ISD. Home prices are ranging from $234,000 to $320,000.						
3	Grand Junction, Section 1 - 50' Lots South side of E. Huffsmith Street between FM-2978 and SH-249 Tomball Harris County TX	Mar-20 Closed	$53,000	6,000 0.14	50 50' x 120'	Planned Development	$1,060
	Comments: Lots in this development are located in the Tomball ISD. Home prices are ranging from $200,000 to $265,000.						
4	Lakewood Court - 50' Lots North side of Louetta Road, east of Waldwick Drive Tomball Harris County TX	Aug-18 Closed	$61,000	6,000 0.14	50 50' x 120'	Single-Family	$1,220
	Comments: Lots in this development are located in the Tomball ISD. Home prices are ranging from $243,000 - $306,000.						
	Subject Raburn Reserve Public Improvement District Tomball, TX			6,250 0.14	50 50' x 125'	Planned Development-12	

Comparable Land Sales Map – Developed Lots





Sale 1
Laurel Glen, Section 4 - 50' Lots



Sale 2
Copper Cove - 50' Lots



Sale 3
Grand Junction, Section 1 - 50' Lots



Sale 4
Lakewood Court - 50' Lots

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustments warranted.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments warranted.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments warranted.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments warranted.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 6% annual appreciation was applied to each sale for improving economic conditions.
Location	Market or submarket area influences on sale price; surrounding land use influences.	No adjustments warranted.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	No adjustments warranted.
Size	Inverse relationship that often exists between parcel size and unit value.	No adjustments warranted.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments warranted.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	No adjustments warranted.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	No adjustments warranted.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Developed Lots

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Raburn Reserve Public Improvement District	Laurel Glen, Section 4 - 50' Lots	Copper Cove - 50' Lots	Grand Junction, Section 1 - 50' Lots	Lakewood Court - 50' Lots
Address	East side of South Persimmon Street, at Sutton Lane	South side of FM-2920, east of Stuebner Airline Road	East side of S. Cherry Street, north of Agg Road	South side of E. Huffsmith Street between FM-2978 and SH-249	North side of Louetta Road, east of Waldwick Drive
City	Tomball	Spring	Tomball	Tomball	Tomball
County	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX
Sale Date		Oct-19	May-20	Mar-20	Aug-18
Sale Status		Closed	Closed	Closed	Closed
Sale Price		$64,210	$50,000	$53,000	$61,000
Square Feet	6,250	6,250	6,000	6,000	6,000
Number of Front Footages	50	50	50	50	50
Price per Front Footage		**$1,284**	**$1,000**	**$1,060**	**$1,220**
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		–	–	–	–
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		–	–	–	–
Conditions of Sale					
% Adjustment		–	–	–	–
Market Conditions	3/1/2021	Oct-19	May-20	Mar-20	Aug-18
Annual % Adjustment	6%	8%	5%	6%	15%
Cumulative Adjusted Price		**$1,387**	**$1,050**	**$1,124**	**$1,403**
Location		–	–	–	–
Access/Exposure		–	–	–	–
Size		–	–	–	–
Shape and Topography		–	–	–	–
Zoning		–	–	–	–
Entitlements		–	–	–	–
Net $ Adjustment		$0	$0	$0	$0
Net % Adjustment		0%	0%	0%	0%
Final Adjusted Price		**$1,387**	**$1,050**	**$1,124**	**$1,403**
Overall Adjustment		8%	5%	6%	15%

Range of Adjusted Prices	**$1,050 - $1,403**
Average	**$1,241**
Indicated Value	**$1,250**

Land Value Conclusion – Developed Lots

Prior to adjustments, the sales reflect a range of $1,000 - $1,284 per front footage. After adjustment, the range is $1,050 - $1,403 per front footage, with an average of $1,241 per front footage. To arrive at an indication of value, we place equal emphasis on all of the sales.

Based upon the preceding analysis, we reach a retail value per 50’ lot conclusion as follows:

Land Value Conclusion	
Developed Lots	
Indicated Value per Front Footage	$1,250
Subject Front Footages	50
Indicated Value	$62,500

Cumulative Retail Lot Value – Improvement Area #1 – Section 1

Following is the calculation for the total cumulative retail lot value for the subject's 133 proposed lots within Improvement Area #1 – Section 1:

Cumulative Retail Lot Value Calculation

Total Lots	Typical Lot Frontage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
133	50' x 125'	$62,500	$1,250	$8,312,500

As shown, the total cumulative retail lot value equates to $8,312,500 or $62,500/lot.

Summary of Net/Gross Value Conclusion

The preceding value was based on a retail sale of small batches of lots (less than 20 lots at a time). However, frequently entire subdivisions are sold to builders, or other investors, at a discount. These builders will then warehouse the land themselves, or the investors will resell the lots to builders over a longer-term takedown schedule. Thus, to determine the appropriate discount for the subject, we have assembled a number of bulk sales of other developed subdivision lots located throughout North Texas. The comparables presented represent the bulk sale of developed lots to homebuilders and/or investors. As shown below, the discount for the sales presented ranged from 3.9% to 64.2% of the retail value from 2010 through First Quarter 2020. Since late 2012, the discounts for bulk lot sales appear to be decreasing in many submarket areas as the economy recovers. As such, comparable bulk sales are limited in all submarkets indicating a strengthening economy and builders willing to pay retail lot prices.

Thus, when consideration is given to the subject's projected marketing period of 14.8± months, a net to gross sales price ratio (average bulk sale value per lot/average retail sales price per lot) of 90% is deemed appropriate for the subject, as proposed.

Our bulk sale comparables from 2010 - 2020 are listed in the following summary table.

Bulk Lot Sale Summary

Subdivision	Date of Sale	Total Lots	Lot Dimensions	Total SF	Bulk Price/Lot	Retail Price/Lot	N/G Ratio
Austin Ridge	Apr-10	192	55' x 115'	6,325	$46,700	$62,500	74.7%
Frisco			80' x 125'	10,000			
Chase Oaks Village (TH)	Jul-10	92	25' x 100'	2,500	$18,587	$30,000	62.0%
Plano							
Stone River Estates	Dec-10	69	65' x 125'	8,125	$11,594	$25,000	46.4%
Royse City			75' x 125'	9,375			
Myers Meadows	Sep-10	35	65' x 120'	7,800	$35,000	$62,000	56.5%
Garland							
Founders Addition	Jun-11	38	150' x 320'	48,000	$20,000	$40,000	50.0%
Kaufman County							
Williamsburg	Nov-11	75	50' x 115'	5,750	$30,000	$32,500	92.3%
Fate							
Hidden Creek, Ph. 1	Mar-12	26	70' x 105'	7,350	$19,000	$30,141	63.0%
Royse City			80' x 105'	8,400			
Woodland Creek	Jul-12	68	60' x 120'	7,200	$17,000	$25,000	68.0%
Royse City							
Ovilla Parc	Dec-12	50	100' x 200'	20,000	$43,200	$50,000	86.4%
Ovilla							
Mission Ridge Estates	Jun-12	20	50' x 120'	6,000	$12,000	$20,000	60.0%
Fort Worth							
Hunters Field	Jun-12	78	50' x 120'	6,000	$15,120	$20,000	75.6%
Fort Worth							
Deer Meadows	Jun-12	75	50' x 120'	6,000	$20,000	$25,500	78.4%
Fort Worth							
Prestwyck	Jan-13	90	50'/60' x 110'	5,500-6,600	$53,000	$62,500	84.8%
McKinney			50'/60' x 120'	6,000-7,200	$53,000	$67,500	78.5%
Pecan Ridge Estates	Feb-13	80	50' x 120'	6,000	$40,000	$50,000	80.0%
McKinney							
Verandah	Feb-13	28	40' x 115'	4,600	$22,857	$25,974	88.0%
Royse City ETJ			50' x 115'	5,750			
Canyon West	Jul-13	25	200' x 220'	44,000	$10,750	$30,000	35.8%
Parker County							
Shiloh Manor	Oct-13	49	150' x 350'	52,500	$46,857	$54,000	86.8%
Midlothian ETJ							
Lakeridge Townhomes	Jul-14	79	20' x 75'	1,500	$26,000	$45,000	57.8%
Lewisville							
The Gables at Ohio	Aug-16	85	25' x 81'	2,025	$88,500	$100,000	88.5%
Frisco							
Bristol Park	Aug-17	24	1.572 acres	68,485	$115,000	$165,055	69.7%
Lucas							
Sonoma Verde	Mar-17	93	60' x 120'	7,200	$43,750	$50,000	87.5%
McLendon-Chisholm							
Winn Ridge, Ph. 2	Aug-18	389	50' x 120'	6,000	$39,500	$62,500	63.2%
Aubrey							
Sutton Fields	Jul-19	100	50' x 115'	5,750	$50,000	$61,000	82.0%
Celina		85	60' x 115'	6,900	$57,000	$70,000	81.4%
LakePointe	Jul-19	114	50' x 120'	6,000	$47,500	$51,000	93.1%
Lavon		109	60' x 120'	7,200	$54,900	$58,000	94.7%
Massey Meadows, Ph. 1	19-May	186	70' x 120'	8,400	$70,000	$77,000	90.9%
Midlothian							
Ventana, Ph. 2	May-20	62	50' x 120'	6,000	$60,000	$66,250	90.6%
Fort Worth							
Inspiration, Ph. 9	Mar-20	125	50' x 120'	6,000	$76,125	$79,170	96.1%
St. Paul							

Source: Developers 2010-2020

Net/Gross Value Conclusion – Improvement Area #1 – Section 1

Based upon the preceding, it is our opinion that the net/gross market value for the subject utilizing overall average retail lot value of $62,500 for the lots and a net/gross ratio of 90% is $7,480,000, or an overall average of $56,241/lot (R).

Net/Gross Ratio Market Value Summary	
Average Lot Value	$62,500
Total Lots	133
N/G Ratio %	90%
Total Market Value (R)	**$7,480,000**
Average/Lot	**$56,241**

Development Approach (Subdivision Analysis)

Having completed the retail valuation section of the assignment, we will now provide an opinion of the market value of the property to a single purchaser, as of this date. Obviously, this value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those which reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based on our experience, profit is not expensed as a line item as it is not realized until the project's expenses (including debt) are paid.

The various assumptions necessary to complete our Discounted Cash Flow Analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Absorption

As discussed in detail in the "Single-Family Analysis" section of our analysis, we have projected the overall absorption for the subject to be 14.8± months for the subject's 133 lots in Improvement Area #1 – Section 1.

Our quarterly absorption projection is summarized as follows:

Projected Quarterly Absorption Summary							Total Aborp. Period
Lot Type	**Mar-21**	**Jun-21**	**Sept-21**	**Dec-21**	**Mar-22**	**Lots**	**(Months±)**
50' Frontage	27	27	27	27	25	**133**	**14.8**

Price/Value Increases Over the Sellout Period

Despite overall national recessionary effects on real estate in general, price/values for residential and commercial land in the Texas marketplace have remained reasonably stable. As can be seen from the following table, the past few years have seen a reduction in previous strong inflation rates. This is due in large part to the federal government's efforts to curb inflation, as well as the effect of level or declining prices for agricultural goods, petroleum and related manufactured products.

Trends in National Inflation and Interest Rates

Year	U.S. Prime Rate	Increase in U.S. CPI	Real Rate of Return
2010	3.25%	1.50%	1.75%
2011	3.25%	3.00%	0.25%
2012	3.25%	1.70%	1.55%
2013	3.25%	1.50%	1.75%
2014	3.25%	1.30%	1.95%
2015	3.50%	0.70%	2.80%
2016	3.75%	1.40%	2.35%
2017	4.25%	2.11%	2.14%
2018	5.50%	1.95%	3.55%
2019	4.75%	2.29%	2.46%
05/2020	3.25%	1.04%	2.21%

Source: Federal Reserve Bank of St. Louis, U.S. Financial Data

As shown in the preceding table, CPI increases ranged from 0.70% to 3.00% from 2010 through May 2020 with 3.25% to 5.50% prime rates resulting in real annual rates of returns ranging from 0.25% to 3.55% (with the most current real rate of return at 2.21%). Thus, the real rates of return are substantially affected with fluctuations in the prime rates and the increases/decreases in the consumer price index. (The increase is calculated relative to the previous year-to-year December index rates).

Historically, in the sales contracts of the volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the prime rate to the prime rate, plus one percent (annually) up to 8.0%. Thus, for valuation purposes herein, we have estimated an annual appreciation on the sale of the subject units at 6% per year for the subject lots. This is considered reasonable given the supply of available housing product in the area and the historical collection of interest carry/appreciation by developers within Texas.

Expenses

Cost of Sales has been estimated at 2.5% of gross sales proceeds for various closing costs and title policies.

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the premise that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. Based upon our experience and information gathered from numerous reputable builders/ developers and taxing authorities, this methodology and percentage estimate (2.0%) is well founded.

Marketing expense is not included in this analysis as the majority of the subject lots are contracted to two volume homebuilders who traditionally provide for marketing.

HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Management Expense/Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only.

Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 1.0% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate

According to the Dictionary of Real Estate Appraisal, Sixth Addition, Discount Rate is defined as "an interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR), or yield rate, depending on how it is extracted from the market and/or used in the analysis." Furthermore, Internal Rate of Return (IRR) is defined as "the annualized yield rate or rate of return on capital that is generated or capable of being generated within an investment or portfolio over a period of ownership. The IRR is the rate of discount that makes the net present value of the investment equal to zero. The IRR discounts all returns from the investment, including returns from its reversion, to equal the original capital outlay. This rate is similar to the equity yield rate. As a measure of investment performance, the IRR is the rate of discount that produces a profitability index of one and a net present value of zero. It may be used to measure profitability after income taxes, i.e., the after-tax equity yield rate." In other words, it is a rate of profit (or loss) or a measure of performance. It is literally, an interest rate. The effective interest rate on a real estate investment is the equity investor's IRR. The yield to maturity on a bond is the bond holder's IRR, when the bond is held for its full term. The IRR is the rate of return on capital expressed as a ratio per unit of time; for example, 10% per annum. The discount rate utilized herein is essentially an anticipated IRR for the subject property, as estimated from investment performance realized by market participants. Although the investment vehicle being analyzed herein is real property, competition for investment dollars in other investment media is intense, and the prudent investment manager must carefully consider all options. Because of the element of risk involved in real estate investment versus alternative investment vehicles, the prudent investment manager must compare rates of return. The performance of real estate is dependent upon and could fluctuate with the degree of quality of management, unexpected competition, disasters, or economic cycles, particularly in the subject's market area. Therefore, it entails a greater degree of risk than instruments such as government-backed bonds or fixed-rate mortgages.

Following is a summary of yield comparisons as of April 1, 2020 provided by PwC Real Estate Investor, as published by PricewaterhouseCoopers in Second Quarter 2020.

YIELD COMPARISON
April 1, 2020

	2015 AVERAGE	2016 AVERAGE	2017 AVERAGE	2018 AVERAGE	2019 AVERAGE	2020 JANUARY	2020 APRIL
PwC Yield Indicator (PYI)[a]	7.82%	7.70%	7.65%	7.58%	7.47%	7.43%	7.57%
Long-Term Mortgages[b]	4.31%	4.18%	4.59%	4.95%	4.71%	4.14%	3.90%
10-Year Treasuries[c]	2.34%	1.81%	2.37%	2.79%	2.21%	1.88%	0.62%
Consumer Price Index Change[d]	0.19%	1.63%	2.03%	2.50%	1.76%	0.97%	(2.45%)
SPREAD TO PYI (Basis Points)							
Long-Term Mortgages	351	352	306	263	276	329	367
10-Year Treasuries	548	589	528	479	526	555	695
Consumer Price Index Change	763	607	562	508	571	646	1,002

a. A composite IRR average of all markets surveyed (excluding hotels, development land, self storage, and student housing).
b. Source: Survey; Select Commercial Funding; Commercial Loan Direct; conventional funding, 60% to 80% LTV loans; fixed rates; 6- to 30-year terms.
c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.
d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.

One of the more comprehensive surveys of IRR's for real estate investments is performed within the PwC Real Estate Investor Survey, as published by PricewaterhouseCoopers. In its most recent Second Quarter 2020 National Land Yield Study, pretax IRRs for these higher risk properties currently range from 10% to 25%, with an average of 15.2% for mixed-use respondents regarding vacant land, which has a slightly inferior diminishing return asset as the subject - developed residential lots. This average is 70 basis points lower than six months ago and 30 basis points lower than a year ago.

Exhibit DL-1

DISCOUNT RATES (IRRS)[a]

Second Quarter 2020

	CURRENT QUARTER	FOURTH QUARTER 2019
FREE & CLEAR		
Range	10.00% – 25.00%	10.00% – 20.00%
Average	15.20%	15.90%
Change		– 70

a. Rate on unleveraged, all-cash transactions; including developer's profit

The subject's discount rate should be less than a typical land project, as the value to be determined is for a fully developed project that is available for immediate resale and which will ultimately possess less risk than that of the total development process. Therefore, a "risk-adjusted discount rate" is deemed appropriate herein.

RealtyRates.com in their most recent Second Quarter 2020 "Developer Survey" for First Quarter 2020 data summarizes discount rates for conventionally financed (interest-only interim or construction financing) subdivisions and Planned Development Districts (PUDs) in the State of Texas. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision rates do include provisions for developer's profit, i.e., profit is not treated as a line item expense.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2020* Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	13.74%	32.28%	21.32%	13.19%	30.99%	20.47%
-100 Units	13.74%	27.83%	20.37%	13.19%	26.72%	19.55%
100-500 Units	14.08%	30.61%	21.45%	13.52%	29.39%	20.59%
500+ Units	14.42%	32.00%	21.82%	13.85%	30.72%	20.95%
Mixed Use	14.77%	32.28%	21.64%	14.17%	30.99%	20.78%
Manufactured Housing	13.68%	34.86%	22.47%	13.13%	33.46%	21.57%
-100 Units	13.68%	30.31%	21.55%	13.13%	29.10%	20.69%
100-500 Units	14.02%	33.34%	22.73%	13.46%	32.01%	21.82%
500+ Units	14.36%	34.86%	23.13%	13.79%	33.46%	22.21%
Business Parks	13.90%	31.78%	21.19%	13.34%	30.51%	20.34%
-100 Acres	13.90%	27.63%	20.35%	13.34%	26.53%	19.54%
100-500 Acres	14.25%	30.40%	21.43%	13.68%	29.18%	20.57%
500+ Acres	14.59%	31.78%	21.79%	14.01%	30.51%	20.92%
Industrial Parks	13.93%	27.47%	19.26%	13.37%	26.37%	18.49%
-100 Acres	13.93%	23.89%	18.53%	13.37%	22.93%	17.79%
100-500 Acres	14.28%	26.28%	19.47%	13.71%	25.23%	18.69%
500+ Acres	14.63%	27.47%	19.79%	14.04%	26.37%	19.00%

*1st Quarter 2020 Data

Copyright 2020 RealtyRates.com™

As shown above, the minimum actual rates in Texas range from 13.74% for less than 100 units; 14.08% for 100 to 500+ units; and 14.42% for 500+ units with minimum pro-forma rates ranging from 13.19% to 13.85%.

The Sixth Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”.[1] Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has a purchaser of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

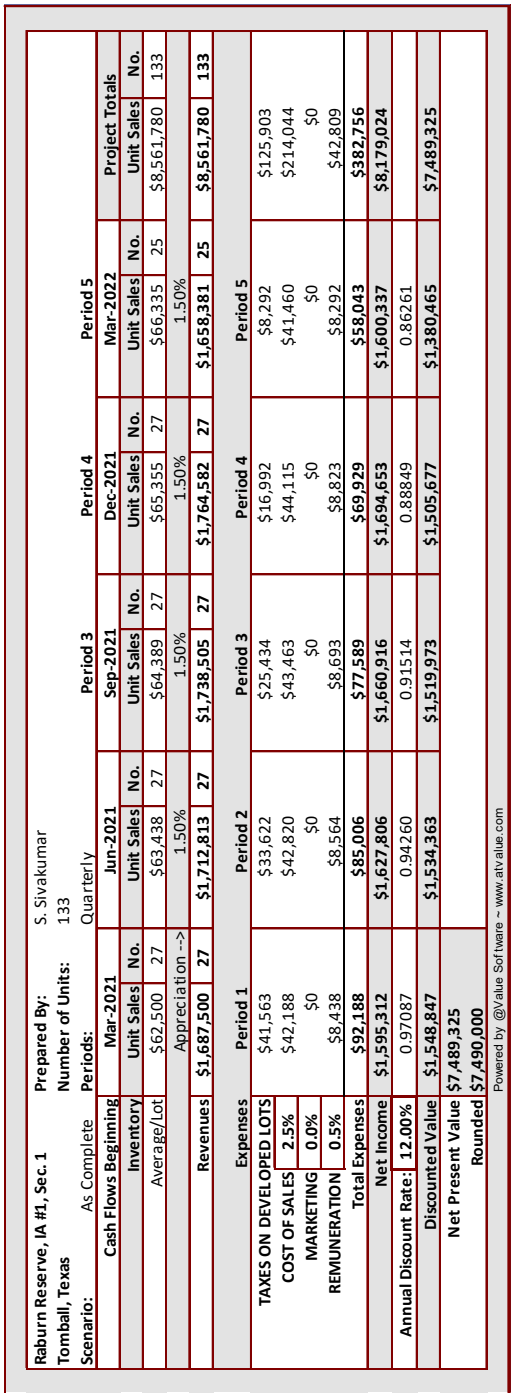
[1] The Dictionary of Real Estate Appraisal, Sixth Edition, the Appraisal Institute, Chicago, Illinois

Based upon the preceding, an IRR that is below the lower end of the range as indicated in the National Land Yield Study as of Second Quarter 2020 (10% - 25%; 15.2% average) and slightly below the minimum rates provided by the RealtyRates "Developer Survey" for Texas of 13.74% for less than 100 units; 14.08% for 100 to 500+ units; and 14.42% for 500+ units with minimum pro-forma rates ranging from 13.19% to 13.85% is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 12% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 1.0% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 13% for the subject. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly. With each of the required elements now identified, we are able to analyze the subject in the DCF analysis as shown on the following page.

Development Approach Conclusion – Improvement Area #1 – Section 1

Based upon the preceding, and the cash flow presented on the following page, our "as complete" opinion of value for the subject's Improvement Area #1 – Section 1 is $7,490,000, or $56,316/lot.

Raburn Reserve Public Improvement District – Improvement Area #1 – Section 1



Raburn Reserve, IA #1, Sec. 1 Prepared By: S. Sivakumar
Tomball, Texas Number of Units: 133
Scenario: As Complete Periods: Quarterly

Cash Flows Beginning	Mar-2021		Jun-2021		Sep-2021		Dec-2021		Mar-2022		Project Totals	
Inventory	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
Average/Lot	$62,500	27	$63,438	27	$64,389	27	$65,355	27	$66,335	25	$8,561,780	133
Appreciation -->			1.50%		1.50%		1.50%		1.50%			
Revenues	$1,687,500	27	$1,712,813	27	$1,738,505	27	$1,764,582	27	$1,658,381	25	$8,561,780	133
Expenses	Period 1		Period 2		Period 3		Period 4		Period 5			
TAXES ON DEVELOPED LOTS	$41,563		$33,622		$25,434		$16,992		$8,292		$125,903	
COST OF SALES 2.5%	$42,188		$42,820		$43,463		$44,115		$41,460		$214,044	
MARKETING 0.0%	$0		$0		$0		$0		$0		$0	
REMUNERATION 0.5%	$8,438		$8,564		$8,693		$8,823		$8,292		$42,809	
Total Expenses	$92,188		$85,006		$77,589		$69,929		$58,043		$382,756	
Net Income	$1,595,312		$1,627,806		$1,660,916		$1,694,653		$1,600,337		$8,179,024	
Annual Discount Rate: 12.00%	0.97087		0.94260		0.91514		0.88849		0.86261			
Discounted Value	$1,548,847		$1,534,363		$1,519,973		$1,505,677		$1,380,465		$7,489,325	
Net Present Value	$7,489,325											
Rounded	$7,490,000											

Powered by @Value Software ~ www.atvalue.com

Reconciliation and Conclusion of Value – Rayburn PID – Improvement Area #1

In the previous sections, we have provided an opinion of the market value of the fee simple interest in the two Improvement Areas using three approaches. Following is a summary of the values indicated by these approaches.

The first approach used was the Sales Comparison Approach to value the subject property by developed lot. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

The second approach used was the Net/Gross Ratio Approach to value. This is also sometimes known as a Sales Ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

The final approach used was the Development Approach (Discounted Cash Flow method) utilizing a projection of the future individual lot sales, historical absorption data upon the development, and deducting taxes on the developed lots, costs of sales, marketing, and management expenses. In conclusion, the Development Approach is considered to provide a generally good indication of value for the subject.

Reconciliation of Opinion of Value
Raburn Reserve Public Improvement District – Improvement Area #1

Following is the final opinion of prospective value for Improvement Area #1:

Summary of Prospective Value Indications - IA#1, Sec. 1	
Net/Gross Ratio Market Value	**$7,480,000**
Discounted Cash Flow Analysis	**$7,490,000**
Final Opinion of Prospective Value	**$7,490,000**

Valuations – Future Improvement Areas – (Sections 2 and 3)

Development Approach/Land Residual Valuation

We have utilized the "Development Approach/Land Residual" valuation in determining the highest and best use and valuing the subject's remaining land within two separate valuations with 27.860 acres within Future Improvement Area (Section 2) proposed with 110 future single-family lots followed by 31.702 acres as Future Improvement Area (Section 3) proposed with 119 future single-family lots in determining our opinions of values for the remaining land upon the completion of the Improvement Area #1 (Section 1) public improvements. This is done by subtracting from the total value of a development, all costs associated with the development, including profit but excluding the cost of the land. The Sales Comparison Approach develops an indication of value by researching, verifying, and analyzing sales of similar vacant residential lots.

Obviously, the value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those that reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based upon our experience, profit is not expensed as a line item as it is not realized until the project's expenses (including debt) are paid.

On the following pages are the various assumptions necessary to complete our "Development Approach/Land Residual" valuations. Each item is discussed in greater detail in the Development Approach (Subdivision Analysis.

Future Improvement Area (Section 2) – 27.860 Acres

Valuation Date: March 1, 2021

Acreage: 27.860 acres

Proposed Lots – The property is to be developed with 110 residential lots (3.9 upa) with a typical lot dimension of 50' x 125' or 6,250 square feet.

Retail Lot Prices – Utilizing the Sales Comparison Approach, the subject's future 50' frontage lots will be valued at $62,500/lot ($1,250/FF) as of March 21, 2021. With an annual 6.0% escalation, the lot prices as of March 2022 are projected to be $66,335/lot.

Absorption: Utilizing the absorption analysis previously determined, the projected monthly absorption will be based upon 9.0 upm beginning in March 2022 (the projected completion date).

Projected Quarterly Absorption Summary							Total Aborp. Period
Lot Type	Mar-22	Jun-22	Sept-22	Dec-22	Mar-23	Lots	(Months±)
50' Frontage	27	27	27	27	2	110	12.2

Development Costs: Development costs were provided by the developer/owner (see Addenda) indicate a cost to the developer of $1,489,204 or $13,538/lot for 110 lots. As such, $372,301/period will be deducted in the first four quarterly periods for the development of the 110 lots.

Interest Escalation: For valuation purposes herein, we have estimated an annual appreciation on the sale of the subject lots at 6% per year.

Taxes (Vacant Land): The annual ad valorem tax has been calculated for the subject property at approximately $1,056/acre annually. Thus, a total of $29,420 ($1,056/acre x 27.860 acres) will be deducted in the first four quarterly periods at $7,355/period. Taxes on the developed lots will be applied at 2.0% over the takedown period based on the retail value of the lots.

Cost of Sales: Estimated at 2.5%.

Marketing Expense: Marketing expenses will be borne by the homebuilders.

HOA Dues: The HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Management Expense with Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only. Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 1.0% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate: Taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 1.0% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 15.0% for the subject's 110 future lots. The discount rate of 15.0% includes entrepreneurial profit. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly.

Development Approach/Land Residual Conclusion – 27.860 Gross Acres

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value for the subject's Future Improvement Area (Section 2) comprised of 27.860 gross acres and planned with 110 future residential lots is $4,285,000, or $3.53/square foot ($38,955/lot).

Valuation – Future Improvement Area (Section 2) - 27.860 Gross Acres

Raburn Reserve,27.806 Acres (Future IA/2) Prepared By: S. Sivakumar
Tomball, Texas Number of Units: 110
Scenario: As Complete Periods: Quarterly

Cash Flows Beginning	Mar-2021		Jun-2021		Period 3 Sep-2021		Period 4 Dec-2021		Period 5 Mar-2022		Period 6 Jun-2022		Period 7 Sep-2022		Period 8 Dec-2022		Period 9 Mar-2023		Project Totals	
Inventory	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
Average Lot	$62,500	0	$63,438	0	$64,389	0	$65,355	0	$66,335	27	$67,330	27	$68,340	27	$69,365	27	$70,406	2	$7,467,828	110
Appreciation -->			1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%			
Revenues	$0	0	$0	0	$0	0	$0	0	$1,791,051	27	$1,817,917	27	$1,845,186	27	$1,872,863	27	$140,812	2	$7,467,828	110
Expenses	Period 1		Period 2		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8		Period 9			
DEVELOPER'S DEVELOPMENT COSTS	$372,301		$372,301		$372,301		$372,301		$0		$0		$0		$0		$0		$1,489,204	
VACANT LAND TAXES	$7,355		$7,355		$7,355		$7,355		$0		$0		$0		$0		$0		$29,420	
TAXES ON DEVELOPED LOTS	$0		$0		$0		$0		$36,484		$27,942		$19,135		$10,058		$704		$94,323	
COST OF SALES 2.5%	$0		$0		$0		$0		$44,776		$45,448		$46,130		$46,822		$3,520		$186,696	
MARKETING 0.0%	$0		$0		$0		$0		$0		$0		$0		$0		$0		$0	
REMUNERATION 1.0%	$0		$0		$0		$0		$17,911		$18,179		$18,452		$18,729		$1,408		$74,678	
Total Expenses	$379,656		$379,656		$379,656		$379,656		$99,171		$91,569		$83,716		$75,608		$5,632		$1,874,321	
Net Income	($379,656)		($379,656)		($379,656)		($379,656)		$1,691,880		$1,726,348		$1,761,469		$1,797,255		$135,179		$5,593,507	
Annual Discount Rate: 14.00%	0.96618		0.93351		0.90194		0.87144		0.84197		0.81350		0.78599		0.75941		0.73373			
Discounted Value	($366,817)		($354,413)		($342,428)		($330,848)		$1,424,518		$1,404,385		$1,384,499		$1,364,856		$99,185		$4,282,936	
Net Present Value	$4,282,936																			
Rounded	$4,285,000																			

Powered by @Value Software ~ www.atvalue.com

Future Improvement Area (Section 3) – 31.702 Acres

Valuation Date: March 1, 2021

Acreage: 31.702 acres

Proposed Lots – The property is to be developed with 119 residential lots (3.8 upa) with a typical lot dimension of 50' x 125' or 6,250 square feet.

Retail Lot Prices – Utilizing the Sales Comparison Approach, the subject's future 50' frontage lots will be valued at $62,500/lot ($1,250/FF) as of March 21, 2021 which equates to $66,335/lot as of March 2022 with an annual 6.0% escalation.

Absorption: Utilizing the absorption analysis previously determined, the projected monthly absorption will be based upon 9.0 upm beginning in March 2022 (the projected completion date).

Projected Quarterly Absorption Summary							Total Aborp. Period
Lot Type	Mar-22	Jun-22	Sept-22	Dec-22	Mar-23	Lots	(Months±)
50' Frontage	27	27	27	27	11	119	13.2

Development Costs: Development costs were provided by the developer/owner (see Addenda) indicate a cost of $1,747,423 or $14,684/lot for 119 lots. As such, $436,856/period will be deducted in the first four quarterly periods for the development of the 119 lots.

Interest Escalation: For valuation purposes herein, we have estimated an annual appreciation on the sale of the subject lots at 6% per year.

Taxes (Vacant Land): The annual ad valorem tax has been calculated for the subject property at approximately $1,056/acre annually. Thus, a total of $33,477 ($1,056/acre x 31.702 acres) will be deducted in the first four quarterly periods at $8,369/period. Taxes on the developed lots will be applied at 2.0% over the takedown period based upon the retail value of the lots.

Cost of Sales: Estimated at 2.5%.

Marketing Expense: Marketing expenses will be borne by the homebuilders.

HOA Dues: The HOA dues are not included as these fees belong to the Homeowner's Association and not to the developer.

Management Expense with Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only. Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0%, of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Because the site requires planning and development, an expense of 1.0% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate: Taking into consideration the supply and demand levels within the subject's submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject, as well as the current market conditions. It should be noted that our cash flow also deducts a straight 1.0% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 15.0% for the subject's 119 future lots. The discount rate of 15.0% includes entrepreneurial profit. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly.

Development Approach/Land Residual Conclusion – 31.702 Gross Acres

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value for the subject's 31.702 gross acres which is planned with 119 future residential lots is $4,480,000, or $3.24/square foot ($37,647/lot).

Valuation Future Improvement Area (Section 3) – 31.702 Gross Acres

Raburn Reserve,31.702 Acres (Future IA/3) Prepared By: S. Sivakumar
Tomball, Texas Number of Units: 119
Scenario: As Complete Periods: Quarterly

Cash Flows Beginning	Mar-2021		Jun-2021		Period 3 Sep-2021		Period 4 Dec-2021		Period 5 Mar-2022		Period 6 Jun-2022		Period 7 Sep-2022		Period 8 Dec-2022		Period 9 Mar-2023		Project Totals	
Inventory	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
	$62,500	0	$63,438	0	$64,389	0	$65,355	0	$66,335	27	$67,330	27	$68,340	27	$69,365	27	$70,406	11	$8,101,480	119
Average/Lot	Appreciation -->		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%		1.50%			
Revenues	$0	0	$0	0	$0	0	$0	0	$1,791,051	27	$1,817,917	27	$1,845,186	27	$1,872,863	27	$774,464	11	$8,101,480	119
Expenses	Period 1		Period 2		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8		Period 9			
DEVELOPER'S DEVELOPMENT COSTS	$436,856		$436,856		$436,856		$436,856		$0		$0		$0		$0		$0		$1,747,424	
VACANT LAND TAXES	$8,369		$8,369		$8,369		$8,369		$0		$0		$0		$0		$0		$33,476	
TAXES ON DEVELOPED LOTS	$0		$0		$0		$0		$39,469		$30,972		$22,210		$13,179		$3,872		$109,702	
COST OF SALES 2.5%	$0		$0		$0		$0		$44,776		$45,448		$46,130		$46,822		$19,362		$202,537	
MARKETING 0.0%	$0		$0		$0		$0		$0		$0		$0		$0		$0		$0	
REMUNERATION 1.0%	$0		$0		$0		$0		$17,911		$18,179		$18,452		$18,729		$7,745		$81,015	
Total Expenses	$445,225		$445,225		$445,225		$445,225		$102,156		$94,599		$86,791		$78,729		$30,978		$2,174,154	
Net Income	($445,225)		($445,225)		($445,225)		($445,225)		$1,688,895		$1,723,318		$1,758,394		$1,794,134		$743,485		$5,927,326	
Annual Discount Rate: 14.00%	0.96618		0.93351		0.90194		0.87144		0.84197		0.81350		0.78599		0.75941		0.73373			
Discounted Value	($430,169)		($415,622)		($401,567)		($387,988)		$1,422,004		$1,401,920		$1,382,082		$1,362,486		$545,518		$4,478,664	
Net Present Value	$4,478,664																			
Rounded	$4,480,000																			

Powered by @Value Software - www.atv.ake.com

Reconciliation and Conclusion of Values

Prospective Reconciliations

In the previous sections, we have provided an opinion of the market value of the fee simple interest in Improvement Area #1 – Section 1 using the following approaches to value.

The first approach used was the Sales Comparison Approach to value the subject property as an individual residential lot. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

The second approach used was the Net/Gross Ratio Approach to value Improvement Area #1 – Section 1. This is also sometimes known as a Sales Ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

The final approach used was the Land Development Approach/Discounted Cash Flow Analysis utilizing a projection of the future individual lot sales utilizing historical absorption data upon the development and deducting on the developed lots, costs of sales, marketing, and management expenses. In conclusion, the discounted cash flow analysis is considered to provide a generally good indication of value for the subject. However, the variables could change with market conditions over the absorption period.

The following approach was utilized to provide an opinion of the market value of the fee simple interest in the Future Improvement Areas (Sections 2 and 3):

The “Development Approach/Land Residual” valuation utilizing a projection of the future individual lot sales utilizing historical absorption data upon the development and deducting development costs, taxes on the vacant land and on the developed lots, costs of sales, marketing, and management expenses. In conclusion, this analysis is considered to provide a generally good indication of value for the subject. However, the variables could change with market conditions over the absorption period.

Conclusion

Following are our conclusions of the opinion of values for the Raburn Reserve Public Improvement District:

Value Conclusions

Parcel	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value at Completion (Improvement Area #1 - Section 1)	Fee Simple	March 1, 2021	$7,490,000
Prospective Market Value at Completion (Future Improvement Area - Section 2)	Fee Simple	March 1, 2021	$4,285,000
Prospective Market Value at Completion (Future Improvement Area - Section 3)	Fee Simple	March 1, 2021	$4,480,000

As of the date of value, the economy (globally, nationally, and locally) was in a state of rapid transition with a widespread expectation of the imminent onset of a significant recession. The outbreak of COVID-19 (coronavirus disease of 2019) in China was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to “shelter in place,” causing widespread closures of businesses and a massive disruption to general commerce. The status of economic conditions is changing rapidly, creating great uncertainty in the markets. The value expressed herein represents our opinion based on the best available data reflective as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 6 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period at 6 - 12 months.

Certification

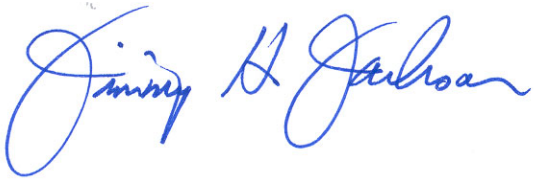
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Ernest Gatewood made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI, and Shelley Sivakumar have not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Jimmy H. Jackson, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Ernest Gatewood has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Ernest Gatewood
Senior Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324355 G
Telephone: (972) 725-7755
Email: egatewood@irr.com



Jimmy H. Jackson, MAI
Executive Director
Certified General Real Estate Appraiser
Texas Certificate # TX 1324004 G
Telephone: (972) 725-7724
Email: jhjackson@irr.com



Shelley Sivakumar
Director
Licensed Residential Real Estate Appraiser
Texas Certificate # TX 1333354-L
Telephone: (972) 696-0687
Email: ssivakumar@irr.com

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.

9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.

11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.

12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report, but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – DFW, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. Integra Realty Resources – DFW is not a building or environmental inspector. Integra DFW does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – DFW, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All information relative to the undeveloped property located within the Raburn Reserve Public Improvement District including land areas, lot totals, lot sizes, and other pertinent data that was provided by Hovis Surveying Company (surveyors), EHRA (engineering/planning), Hines Acquisitions LLC (owner/developer), the City of Tomball, and the Harris County Appraisal District is assumed to be correct.

2. The subject is proposed construction. Therefore, this report contains prospective opinions of values. As such, we have assumed that the market conditions as discussed and considered within this report will be siilar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that may alter market conditions prior to this prospective effective date.

3. Our valuations of the subject's Future Improvement Areas (27.860 acres within Section 2 which is planned with 110 residential lots and 31.702 acres within Section 3 which is planned with 119 residential lots) assumes the following information to be correct (See Development Costs in Addendum):
   Lot Type: 50' x 125' or 6,250 SF

Private Development Costs:	Section 2:	$1,489,204 ($13,538/lot)	Section 3:	$1,747,423 ($14,684/lot)
PID Costs:		$1,472,073 ($13,382/lot)		$1,623,475 ($13,643/lot)

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Addendum A

Appraiser Qualifications

Jimmy H. Jackson, MAI

Experience

Executive Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 35 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the founding partners of JPP Capital Advisors as well as is one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson's experience includes consultation and valuation of a wide array of property types including apartment developments, industrial facilities, retail developments, office buildings, single-family subdivisions, single-family residences, condominiums, hotels, golf courses, mixed-use developments, special-use projects and vacant land. In addition to typical real estate valuations and consultations, Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments which includes land acquisition & development, ground-up office build-to-suit development, garden apartment development, student housing development, and single-family lot development.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than $50 million in direct research and assisted and helped leverage more than $500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work with National Jewish Hospital in Denver. Mr. Jackson currently serves as a national trustee for the hospital which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson currently serves on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years. Mr. Jackson and his wife Cherylon Harman Jackson (1984/Finance COBA/Texas Tech University) reside in Plano, Texas and are active members of Parkway Hills Baptist Church in Plano, Texas.

Integra Realty Resources
Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T (972) 881-7191
F (972) 733-1403

Integra Realty Resources
Lubbock/West Texas

6309 Indiana Avenue, Suite D
Lubbock, TX 79413

T (806) 656-3058

Integra Realty Resources
Oklahoma City

14 NE 13th Street
Oklahoma City, Oklahoma, 73104

T (405) 422-0718

irr.com

jhjackson@irr.com - (972) 725-7724

Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services:

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of All Property Types including The Following:

Residential
High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land
Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail
Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

Integra Realty Resources
Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T (972) 881-7191
F (972) 733-1403

Integra Realty Resources
Lubbock/West Texas

6309 Indiana Avenue, Suite D
Lubbock, TX 79413

T (806) 656-3058

Integra Realty Resources
Oklahoma City

14 NE 13th Street
Oklahoma City, Oklahoma, 73104

T (405) 422-0718

irr.com

jhjackson@irr.com - (972) 725-7724

Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial
Industrial (Heavy (Manufacturing)
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose
Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2020
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2020

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

Integra Realty Resources
Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T (972) 881-7191
F (972) 733-1403

Integra Realty Resources
Lubbock/West Texas

6309 Indiana Avenue, Suite D
Lubbock, TX 79413

T (806) 656-3058

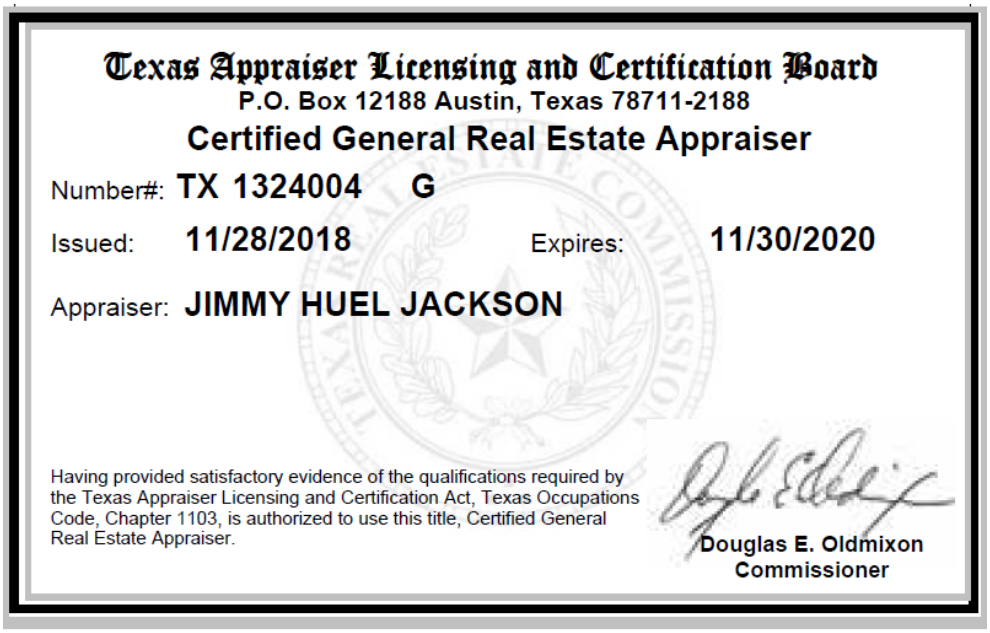
Integra Realty Resources
Oklahoma City

14 NE 13th Street
Oklahoma City, Oklahoma, 73104

T (405) 422-0718

irr.com

jhjackson@irr.com - (972) 725-7724



Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188

Certified General Real Estate Appraiser

Number#: **TX 1324004 G**

Issued: **11/28/2018** Expires: **11/30/2020**

Appraiser: **JIMMY HUEL JACKSON**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

Douglas E. Oldmixon
Commissioner

Ernest Gatewood

Integra Realty Resources
Dallas

1100 Mira Vista Boulevard
Plano, TX 75093

T (972) 725-7727
F (972) 733-1403

irr.com

Experience

Ernie Gatewood has been in the appraisal field for over 30 years. This extensive experience has formed a knowledge of the TX real estate market as well as select areas throughout the entire US. This experience has formed an understanding of the dynamics of market forces in both increasing as well as declining markets. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, TX as well as Stonebridge Ranch in McKinney, TX. In 1991, Gatewood joined Heartland (Seattle, WA) as Acquisitions Director for TX. In this role, Gatewood was key to the development of several SF subdivisions, a property type which he still specializes in to this day. For the past 25 years, Gatewood has been represented Jackson Claborn, Inc. as the VP of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Gatewood has experience appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights-of-way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and, SF subdivision analyses.

Licenses

Licensed Real Estate Salesman in the State of Texas (Number 277705-32)
State Certified General Real Estate Appraiser (Certificate No. TX 1324355-G)

Education

Richland Junior College, Dallas, Texas
University of North Texas, Denton, Texas

Miscellaneous

Affiliate of the Appraisal Institute

egatewood@irr.com - (972) 725-7755

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: TX 1324355 G
Issued: 12/21/2018 Expires: 12/31/2020
Appraiser: ERNEST ELVA GATEWOOD III

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.

Douglas E. Oldmixon
Commissioner

Shelley M. Sivakumar

Integra Realty Resources
Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T (972) 881-7191
F (972) 733-1403

irr.com

Experience

Shelley Sivakumar has over 22 years of experience as a commercial appraiser representing Jackson Claborn, Inc. This extensive experience has formed a knowledge of the Texas real estate market with an understanding of the dynamics of market forces in both increasing, as well as declining markets. After graduating from the University of Texas at Dallas with a Bachelor of Science degree with a double major of Accounting/Finance, Ms. Sivakumar began her career in tax accounting. For the next 20 years, she managed a private multi-million-dollar individual asset portfolio. Since joining Jackson Claborn, Inc. in 1998, she has specialized in appraising master-planned residential developments and subdivisions in the Dallas/Fort Worth metroplex as well as outlying areas in Dallas, Collin, Rockwall, Ellis, Tarrant, Grayson, and Denton Counties. Ms. Sivakumar's appraisal experience also includes single and multi-tenant office/medical buildings, retail developments, industrial facilities, educational centers, religious facilities, townhome developments, right-of-ways (road), as well as vacant land.

In her spare time, Ms. Sivakumar enjoys equestrian riding and working out. She has competed in the 100-mile "Hotter'N Hell Hundred" bike ride, one of the oldest and largest cycling events in the nation held in Wichita Falls, Texas every August.

Licenses

Licensed Residential Real Estate Appraiser (Certificate No. TX 1333354-L)

Education

University of Texas at Dallas, Dallas, Texas: Bachelor of Science 1978
University of North Texas, Denton, Texas 1977
Marshall University, Huntington, West Virginia: A.S. Degree 1974

Appraisal Institute Courses

A Review of Disciplinary Cases
Workfile Documentation for Appraisers
Basic Appraisal Procedures
General Appraiser Market Analysis Highest and Best Use
General Appraiser Sales Comparison Approach
General Report Writing and Case Studies
A Review of Disciplinary Cases
Workfile Documentation for Appraisers
Appraising Residential Properties
Income Property Appraisal
Real Estate Appraisal
Basic Income Capitalization

Appraisal Math & Statistics
Owner-Occupied Commercial Properties
Residential Report Writing
Modern Green Building Concepts
Ad Valorem Tax Consultation
The Dirty Dozen
Essential Elements of Disclosure & Disclaimer
Land & Site Valuation
Commercial Clients Want Appraisers to Know

Market Analysis/STDB
USPAP
Expert Witness for Commercial Appraisers
General Appraiser Site Valuation & Cost Approach
Commercial Appraisal Review
Fair Housing
Market Analysis/STDB
USPAP
Environmental Issues
Texas Real Estate Contracts
Texas Real Estate Agency
Modern Real Estate Practice in Texas
Statistics, Modeling and Finance
General Appraiser Income Approach

ssivakumar@irr.com - (972) 696-0687



TALCB

TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Licensed Residential Real Estate Appraiser

Appraiser: **Shelley Marie Sivakumar**

License #: **TX 1333354 L** License Expires: **02/28/2022**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Douglas E. Oldmixon
Commissioner

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date
1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement
In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time
An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value
The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value
A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Bulk Sale
The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Bulk Value
The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Development Procedure
In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Subdivision Development Method
A method of estimating land value when subdivision and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Allocation Method
1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed."
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Extraction
1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Residual
The quantity left over; in appraising, a term used to describe the results of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.
(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Addendum C

Property Information

Tax Data

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352900000338

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**HT RABURN RESERVE DEVELOPMENT LP** **609 MAIN ST STE 4400** **HOUSTON TX 77002-3169**	Legal Description: Property Address:	**LT 338** **TOMBALL OUTLOTS** **0 PERSIMMON RD S** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map®
D1 -- Real, Qualified Agricultural Land	9910 -- Agricultural Land	E	0	217,800 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway**.

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	245,543		Land	245,543	
Improvement	0		Improvement	0	
Ag/Tmbr/Spc	490		Ag/Tmbr/Spc	500	
Total	245,543	490	Total	245,543	500

Land

Market Value / Agricultural Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9910 -- Mkt Value of Ag Land	AC6	AC	4.3460	1.00	1.00	1.00	--	1.00	54,450.00	54,450.00	236,640.00
2	9910 -- Mkt Value of Ag Land	AC8	AC	0.6540	1.00	1.00	0.25	Restr or Non-Conf	0.25	54,450.00	13,612.50	8,903.00

Agricultural Value

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9063 -- Harris Hay	--	AC	5.0000	1.00	1.00	1.00	--	1.00	100.00	100.00	500.00

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352900000360

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**HT RABURN RESERVE DEVELOPMENT LP** **609 MAIN ST STE 4400** **HOUSTON TX 77002-3169**	Legal Description:	**LTS 341 342 343 344 346 349 & 350** **TOMBALL OUTLOTS**
		Property Address:	**0 PERSIMMON RD** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map®
D1 -- Real, Qualified Agricultural Land	9910 -- Agricultural Land		0	1,524,600 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	1,065,717		Land	1,065,717	
Improvement	0		Improvement	0	
Ag/Tmbr/Spc	241,932		Ag/Tmbr/Spc	241,980	
Total	1,065,717	241,932	Total	1,065,717	241,980

Land

Market Value / Agricultural Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9910 -- Mkt Value of Ag Land	AC0	AC	10.0000	1.00	1.00	1.00	--	1.00	54,450.00	54,450.00	544,500.00
2	9910 -- Mkt Value of Ag Land	AC0	AC	22.8620	1.00	1.00	0.50	Shape or Size	0.50	43,560.00	21,780.00	497,934.00
3	9910 -- Mkt Value of Ag Land	AC8	AC	2.1380	1.00	1.00	0.25	Restr or Non-Conf	0.25	43,560.00	10,890.00	23,283.00

Agricultural Value

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9100 -- Agriculture Residual Land	--	AC	11.0000	1.00	1.00	1.00	--	1.00	21,780.00	21,780.00	239,580.00
2	9063 -- Harris Hay	--	AC	24.0000	1.00	1.00	1.00	--	1.00	100.00	100.00	2,400.00

Building

Vacant (No Building Data)

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352900000382

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**HT RABURN RESERVE DEVELOPMENT LP** **609 MAIN ST STE 4400** **HOUSTON TX 77002-3169**	Legal Description: Property Address:	**LT 339** **TOMBALL OUTLOTS** **0 PERSIMMON** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map®
D1 -- Real, Qualified Agricultural Land	9910 -- Agricultural Land		0	217,800 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	272,250		Land	272,250	
Improvement	0		Improvement	0	
Ag/Tmbr/Spc	490		Ag/Tmbr/Spc	500	
Total	272,250	490	Total	272,250	500

Land

Market Value / Agricultural Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9910 -- Mkt Value of Ag Land	AC0	AC	5.0000	1.00	1.00	1.00	--	1.00	54,450.00	54,450.00	272,250.00

Agricultural Value

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9063 -- Harris Hay	--	AC	5.0000	1.00	1.00	1.00	--	1.00	100.00	100.00	500.00

Building

Vacant (No Building Data)

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352920000343

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**RABURN COMMERCIAL RESOURCES LP** **1018 BOX ELDER DR** **MAGNOLIA TX 77354-1630**	Legal Description: Property Address:	**LT 352** **TOMBALL OUTLOTS** **0 PERSIMMON RD S** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map®
C2 -- Real, Vacant Commercial	8002 -- Land Neighborhood Section 2		0	217,800 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	272,250		Land	272,250	
Improvement	0		Improvement	0	
Total	272,250	272,250	Total	272,250	272,250

Land

Market Value Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8002 -- Land Neighborhood Section 2	4300	SF	217,800	1.00	1.00	1.00	Corner or Alley	1.00	1.25	1.25	272,250.00

Building

Vacant (No Building Data)

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352920000353

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**RABURN COMMERCIAL RESOURCES LP** **1018 BOX ELDER DR** **MAGNOLIA TX 77354-1630**	Legal Description: Property Address:	**LT 353** **TOMBALL OUTLOTS** **0 PERSIMMON RD S** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map®
C2 -- Real, Vacant Commercial	8002 -- Land Neighborhood Section 2		0	217,800 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	272,250		Land	272,250	
Improvement	0		Improvement	0	
Total	272,250	272,250	Total	272,250	272,250

Land

Market Value Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8002 -- Land Neighborhood Section 2	4300	SF	217,800	1.00	1.00	1.00	--	1.00	1.25	1.25	272,250.00

Building

Vacant (No Building Data)

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352920000358

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**RABURN COMMERCIAL RESOURCES LP** **1018 BOX ELDER DR** **MAGNOLIA TX 77354-1630**	Legal Description: Property Address:	**LT 354** **TOMBALL OUTLOTS** **0 HUFSMITH KOHRVILLE RD** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map™
C2 -- Real, Vacant Commercial	8003 -- Land Neighborhood Section 3	E	0	217,800 SF	0	0	9936.02	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	653,400		Land	653,400	
Improvement	0		Improvement	0	
Total	653,400	653,400	Total	653,400	653,400

Land

Market Value Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8003 -- Land Neighborhood Section 3	4300	SF	87,120	1.00	1.00	1.00	--	1.00	3.00	3.00	261,360.00
2	8003 -- Land Neighborhood Section 3	4300	SF	130,680	1.00	1.00	1.00	--	1.00	3.00	3.00	392,040.00

Building

Vacant (No Building Data)

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352920000364

Tax Year: 2020

Print

Owner and Property Information	
Owner Name & Mailing Address:	**HT RABURN RESERVE DEVELOPMENT LLC** **609 MAIN ST STE 4400** **HOUSTON TX 77002-3169**
Legal Description:	**LTS 355 356 358 359 362 & 364 TOMBALL OUTLOTS**
Property Address:	**0 PERSIMMON RD** **TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map
D1 -- Real, Qualified Agricultural Land	9910 -- Agricultural Land		0	1,306,800 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4871C	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway**.

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	980,100		Land	980,100	
Improvement	0		Improvement	0	
Ag/Tmbr/Spc	2,940		Ag/Tmbr/Spc	3,000	
Total	980,100	2,940	Total	980,100	3,000

Land

Market Value / Agricultural Land

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9910 -- Mkt Value of Ag Land	AC6	AC	10.0000	1.00	1.00	1.00	--	1.00	54,450.00	54,450.00	544,500.00
2	9910 -- Mkt Value of Ag Land	AC7	AC	20.0000	1.00	1.00	0.50	--	0.50	43,560.00	21,780.00	435,600.00

Agricultural Value

Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	9063 -- Harris Hay	--	AC	30.0000	1.00	1.00	1.00	--	1.00	100.00	100.00	3,000.00

5/25/2020 Print Details

HARRIS COUNTY APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
0352920000525

Tax Year: 2020

Print

Owner and Property Information			
Owner Name & Mailing Address:	**HT RABURN RESERVE DEVELOPPMENT LC** **609 MAIN ST STE 4400** **HOUSTON TX 77002-3169**	Legal Description: Property Address:	**LTS 361 & 363 TOMBALL OUTLOTS** **0 PERSIMMON RD TOMBALL TX 77375**

State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map™
C2 -- Real, Vacant Commercial	8002 -- Land Neighborhood Section 2		0	435,600 SF	0	0	9936.04	400 -- ISD 26 - Tomball ISD	4870A	289J

Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/03/2020	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2019 Rate	2020 Rate
None	026	TOMBALL ISD		Not Certified	1.290000	
	040	HARRIS COUNTY		Not Certified	0.407130	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.027920	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.010740	
	043	HARRIS CO HOSP DIST		Not Certified	0.165910	
	044	HARRIS CO EDUC DEPT		Not Certified	0.005000	
	045	LONE STAR COLLEGE SYS		Not Certified	0.107800	
	083	CITY OF TOMBALL		Not Certified	0.341455	
	679	HC EMERG SERV DIST 8		Not Certified	0.096700	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

Valuations

Value as of January 1, 2019			Value as of January 1, 2020		
	Market	Appraised		Market	Appraised
Land	544,500		Land	544,500	
Improvement	0		Improvement	0	
Total	544,500	544,500	Total	544,500	544,500

Land

Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8002 -- Land Neighborhood Section 2	4300	SF	435,600	1.00	1.00	1.00	--	1.00	1.25	1.25	544,500.00

Building

Vacant (No Building Data)

Legal Description

105.0452 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352, 353, 355, 356, 358, 359, 361, 362, 363, 364, 365, a portion of Outlot 354 all as shown on the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, all of that certain called 0.2616 of one acre, 0.7990 of one acre and 0.2732 of one acre of land all described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number RP-2019-400099, said 105.0452 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2-inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30-foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of an Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8-inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8-inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 162.27 feet to the Northwesterly corner of said 0.2616-acre tract;

Thence, N 87°47'53" E, along the Southerly line of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 508.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffsmith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffsmith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane and a projection thereof, at 476.29 feet pass the Southeasterly corner of said 0.2616-acre tract, in all a total distance of 506.29 feet to the Southwesterly corner of said 0.2616 acre tract;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30-foot right-of-way along this course), a distance of 832.20 feet to the Northwesterly corner of said 0.2732-acre tract;

Thence, N 87°15'10" E, along the Southerly line of that certain Reserve “B” of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and a projection thereof, at 30.00 feet crossing said Unimproved right-of-way, in all a total distance of 572.96 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of that certain Reserve “C” of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve “C”, a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk’s File Number G259047 and the Northeasterly corner of said Outlot 368;

Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368 and a projection thereof, at 542.93 feet pass the Southeasterly corner of said 0.2732 acre tract, in all a total distance of 572.93 feet to the Southwesterly corner of said 0.2732 acre tract;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way (30 foot right-of-way along this course), a distance of 496.74 feet to a 5/8 inch iron rod with cap set for the Southeasterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of that certain Outlot 366 of said Corrected Map of Tomball Outlots and said Outlot 367, a distance of 1,162.57 feet to a PK Nail found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 366 and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 3,772.74 feet to the POINT OF BEGINNING and containing 105.0452 acres of land.

Development Costs – Total Including PID $

104 ACRE TOMBALL TRACT - PHASE 1
PRELIMINARY CONSTRUCTION COST ESTIMATE
COST SUMMARY

		Phase 1	Phase 2	Phase 3
		TOTAL	TOTAL	TOTAL
1.	Clearing, Grubbing, and Site Preparation	$ 278,100	$ 113,000	$ 141,000
2.	Water Distribution System	$ 212,679	$ 176,330	$ 153,785
3.	Wastewater Collection System	$ 499,294	$ 388,180	$ 309,020
4.	Storm Water Collection System (On-Site)	$ 701,298	$ 312,530	$ 784,260
5.	Storm Water Collection System (Off-Site)	$ 578,372	$ -	$ -
6.	Excavation and Paving	$ 1,754,892	$ 1,262,700	$ 1,168,773
7.	Construction Staking Services (2.5%)	$ 100,616	$ 56,319	$ 63,921
	Total Construction Costs	**$ 4,125,250**	**$ 2,309,059**	**$ 2,620,759**
	Drainage Impact Fees ($5,750/Acre)	$ 228,850	$ 169,625	$ 202,400
	Engineering Fees (14%)	$ 577,535	$ 355,595	$ 403,597
	Storm Water Pollution Prevention Plan (2%)	$ 82,505	$ 63,499	$ 72,071
	Geotech & Construction Materials Testing (2%)	$ 82,505	$ 63,499	$ 72,071
	Sub-Total Impact Fees, Eng., SWPPP,	**$ 971,395**	**$ 652,218**	**$ 750,139**
	TOTAL PRELIMINARY	**$ 5,096,645**	**$ 2,961,277**	**$ 3,370,898**

Developer's Costs

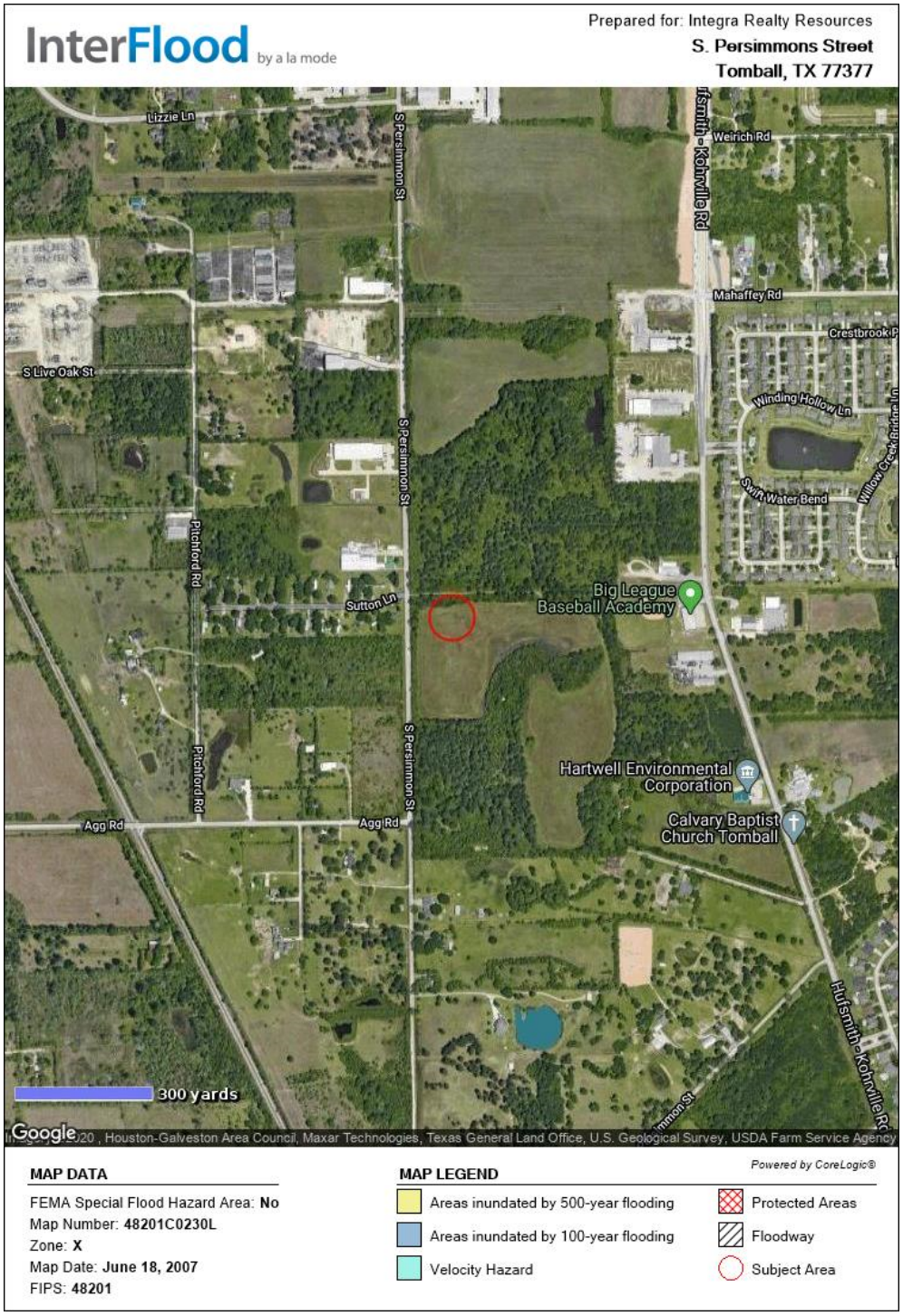
Major Improvement Area (Section 2)

Total Development Costs	$2,961,277
Less PID $	($1,472,073)
Developer's Costs	$1,489,204 ($13,538/lot)

Major Improvement Area (Section 3)

Total Development Costs	$3,370,898
Less PID $	($1,623,475)
Developer's Costs	$1,747,423 ($14,684/lot)

Flood Map


InterFlood by a la mode
Prepared for: Integra Realty Resources
S. Persimmons Street
Tomball, TX 77377
Lizzie Ln
S Persimmon St
Weirich Rd
Hufsmith-Kohrville Rd
Mahaffey Rd
Crestbrook
S Live Oak St
Winding Hollow Ln
Willow Creek Bridge Ln
Swirl Water Bend
Pitchford Rd
Sutton Ln
Big League Baseball Academy
Hartwell Environmental Corporation
Calvary Baptist Church Tomball
Agg Rd
300 yards
Google
Houston-Galveston Area Council, Maxar Technologies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency
MAP DATA
FEMA Special Flood Hazard Area: No
Map Number: 48201C0230L
Zone: X
Map Date: June 18, 2007
FIPS: 48201
MAP LEGEND
Powered by CoreLogic®
Areas inundated by 500-year flooding
Areas inundated by 100-year flooding
Velocity Hazard
Protected Areas
Floodway
Subject Area

Addendum D

Comparable Data

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name:	Laurel Glen, Section 4 - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	South side of FM-2920, east of Stuebner Airline Road
City/State/Zip:	Spring, TX 77379
County:	Harris
Submarket:	North Woodlands
Market Orientation:	Suburban
Property Location:	20823 Shawbrook Drive
IRR Event ID:	2465235



Sale Information

Sale Price:	$64,210
Effective Sale Price:	$64,210
Sale Date:	10/02/2019
Sale Status:	Closed
$/Acre(Gross):	$447,456
$/Land SF(Gross):	$10.27
$/Unit:	$1,284 /Unit
Grantor/Seller:	HT Spring Stuebner Land LP
Grantee/Buyer:	Highland Homes - Houston LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The base lot price was set at $56,568/lot ($1,131/FF) in 4Q17 with an annual 6% interest carry.
Document Type:	Deed
Verified By:	Shelley Sivakumar
Verification Date:	06/17/2020
Confirmation Source:	Brian Stidham (281-743-9637)
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	Laurel Park North, Section 4, Lot 9, Block 2/Tax ID 1407070020009
Acres(Gross):	0.14
Land-SF(Gross):	6,250
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 125'
Zoning Code:	PD-12
Zoning Desc.:	Planned Development - 12
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

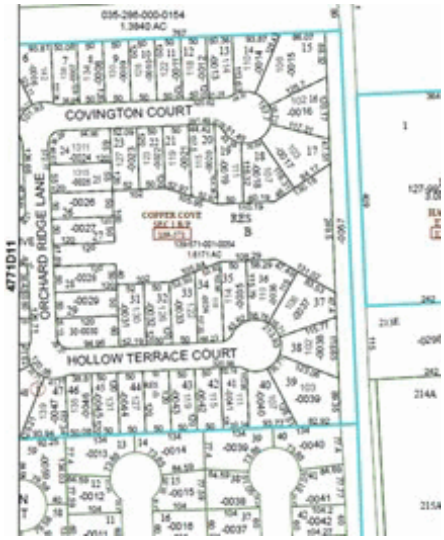
Lots in this multiphase development are located in the Klein ISD. Home prices are ranging from $240,000 to $320,000.

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Copper Cove - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	East side of S. Cherry Street, north of Agg Road
City/State/Zip:	Tomball, TX 77375
County:	Harris
Submarket:	North Woodlands
Market Orientation:	Suburban
IRR Event ID:	2464385



Sale Information

Sale Price:	$50,000
Effective Sale Price:	$50,000
Sale Date:	05/26/2020
Sale Status:	Closed
$/Acre(Gross):	$363,108
$/Land SF(Gross):	$8.33
$/Unit:	$1,000 /Unit
Grantor/Seller:	Tomball Copper Cove LLC
Grantee/Buyer:	K. Hovnanian of Houston II LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	Represents per lot pricing of the last takedown of eight lots (Lots 1, 2, 29, 31, 3, 33, 51, and 52, Block I).
Document Type:	Deed
Recording No.:	RP-2020-222262
Verified By:	Ernest Gatewood
Verification Date:	06/15/2020
Confirmation Source:	Mike Hughes (713-460-6286)
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Copper Cove, Section 1, Block 1, Lot 1/Tax ID 1395710010001
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	SF-6
Zoning Desc.:	Single-Family 6
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Tomball ISD. Home prices are ranging from $234,000 to $320,000.
Zoning requires a minimum lot size of 6,000 SF.

Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Grand Junction, Section 1 - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	South side of E. Huffsmith Street between FM-2978 and SH-249
City/State/Zip:	Tomball, TX 77375
County:	Harris
Submarket:	North Woodlands
Market Orientation:	Suburban
IRR Event ID:	2465263



Sale Information

Sale Price:	$53,000
Effective Sale Price:	$53,000
Sale Date:	03/23/2020
Sale Status:	Closed
$/Acre(Gross):	$384,895
$/Land SF(Gross):	$8.83
$/Unit:	$1,060 /Unit
Grantor/Seller:	Tomball Grand Junction LLC
Grantee/Buyer:	Castlerock Communities LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	The lot prices were set at $53,000/lot ($1,060/FF) in November 2019 with no escalator.
Document Type:	Deed
Recording No.:	RP-2020-129166
Verified By:	Ernest Gatewood
Verification Date:	06/17/2020
Confirmation Source:	Kirk Breitenwischer (713-600-7060)
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Grand Junction Sec 1, Lot 2, Block 1/Tax ID 1501200010002
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Tomball ISD. Home prices are ranging from $200,000 to $265,000.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Lakewood Court - 50' Lots
Sub-Property Type:	Residential, Single Family Lot
Address:	North side of Louetta Road, east of Waldwick Drive
City/State/Zip:	Tomball, TX 77377
County:	Harris
Submarket:	Northwest
Market Orientation:	Suburban
Property Location:	15603 Lakewood Terrace Drive
IRR Event ID:	2465508



Sale Information

Sale Price:	$61,000
Effective Sale Price:	$61,000
Sale Date:	08/29/2018
Sale Status:	Closed
$/Acre(Gross):	$442,992
$/Land SF(Gross):	$10.17
$/Unit:	$1,220 /Unit
Grantor/Seller:	Lakewood Court, LTD
Grantee/Buyer:	Castlerock Communities, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale:	Lot was part of first takedown date of 8/29/2018 at a reported $61,000/lot ($1,220/FF) with an annual 6% escalation.
Document Type:	Deed
Verified By:	Ernest Gatewood
Verification Date:	06/16/2020
Confirmation Source:	Kirk Breitenwischer (713-600-7060)
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Lakewood Court, Block 1, Lot 27/Tax ID 1400640010027
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	Single-Family
Zoning Desc.:	Single-Family
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Tomball ISD. Home prices are ranging from $243,000 - $306,000.

Lakewood Court - 50' Lots

PAGE LEFT BLANK INTENTIONALLY

APPENDIX G

DEVELOPMENT AGREEMENT

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

RABURN RESERVE

DEVELOPMENT AGREEMENT

BETWEEN

HT RABURN RESERVE DEVELOPMENT L.P.

THE CITY OF TOMBALL, TEXAS

Dated: October 7, 2019

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS

ARTICLE II
THE DEVELOPMENT

Section 2.01. Scope of Agreement 7
Section 2.02. Project Overview – The Development 7

ARTICLE III
PUBLIC IMPROVEMENT DISTRICT

Section 3.01. Creation 8
Section 3.02. Issuance of PID Bonds 8
Section 3.03. Apportionment and Levy of Assessments 9
Section 3.04. Developer Cash Contribution 10
Section 3.05. Transfer of Property 10

ARTICLE IV
DEVELOPMENT

Section 4.01. Full Compliance with City Standards 10
Section 4.02. Development Standards and Planned Development - 12 10
Section 4.03. Property Acquisition 11
Section 4.04. Zoning of Property 11
Section 4.05. Conflicts 11
Section 4.06. Replat 11

ARTICLE V
DEVELOPMENT CHARGES

Section 5.01. Plat Review Fees 11
Section 5.02. Plan Review and Permit Fees 11
Section 5.03. Inspection Fees 11
Section 5.04. Impact Fees 11

ARTICLE VI
DEVELOPMENT SPECIFIC REQUIREMENTS

Section 6.01. Extension of Water Service 11
Section 6.02. Extension of Sanitary Sewer Facilities 12
Section 6.03. Drainage 12
Section 6.04. Extension of Gas Service 12
Section 6.05. Extension of Agg Road (Medical Complex) 12
Section 6.06. Additional Right of Way 12
Section 6.07. Water Loop Completion 13

Page

ARTICLE VII
CONSTRUCTION OF THE PUBLIC IMPROVEMENTS

Section 7.01. Designation of Construction Manager, Construction Engineers 13
Section 7.02. Construction Agreements 14
Section 7.03. Project Scope Verification 15
Section 7.04. Joint Cooperation; Access for Planning and Development 15
Section 7.05. City Not Responsible 15
Section 7.06. Construction Standards and Inspection 16
Section 7.07. Public Improvements to be Owned by the City – Title Evidence 16
Section 7.08. Public Improvement Constructed on City Land or the Property 16
Section 7.09. Additional Requirements 17
Section 7.10. Revisions to Scope and Cost of Public Improvements 18
Section 7.11. City Police Powers 18
Section 7.12. Title and Mechanic's Liens 19
Section 7.13. City Consents 19
Section 7.14. Right of the City to Make Inspection 19
Section 7.15. Competitive Bidding 20

ARTICLE VIII
PAYMENT OF PUBLIC IMPROVEMENTS

Section 8.01. Overall Requirements 20
Section 8.02. Remaining Funds after Completion of a Public Improvement 21
Section 8.03. Payment Process for Public Improvements 21
Section 8.04. Public Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds 22
Section 8.05. Rights to Audit 23

ARTICLE IX
REPRESENTATIONS AND WARRANTIES

Section 9.01. Representations and Warranties of City 23
Section 9.02. Representations and Warranties of Developer 24

ARTICLE X
MAINTENANCE OF LANDSCAPE IMPROVEMENTS

Section 10.01. Mandatory Property Owners' Association 25

ARTICLE XI
TERMINATION EVENTS

Section 11.01. Developer Termination Events 25

Page

Section 11.02. City Termination Events 26
Section 11.03. Termination Procedure 26
Section 11.04. City Actions Upon Termination 26

ARTICLE XII
TERM

ARTICLE XIII
DEFAULT AND REMEDIES

Section 13.01. Developer Default 27
Section 13.02. Notice and Cure Period 28
Section 13.03. City's Remedies 28
Section 13.04. City Default 29
Section 13.05. Developer's Remedies 29
Section 13.06. Limited Waiver of Immunity 29
Section 13.07. Limitation on Damages 30
Section 13.08. Waiver 30

ARTICLE XIV
INSURANCE, INDEMNIFICATION AND RELEASE

Section 14.01. Insurance 30
Section 14.02. Waiver of Subrogation Rights 31
Section 14.03. Additional Insured Status 31
Section 14.04. Certificates of Insurance 32
Section 14.05. Carriers 32
Section 14.06. INDEMNIFICATION 32

ARTICLE XV
GENERAL PROVISIONS

Section 15.01. Notices 33
Section 15.02. Make-Whole Provision 34
Section 15.03. Assignment 34
Section 15.04. Table of Contents; Titles and Headings 35
Section 15.05. Entire Agreement; Amendment 36
Section 15.06. Time 36
Section 15.07. Counterparts 36
Section 15.08. Severability; Waiver 36
Section 15.09. No Third-Party Beneficiaries 36
Section 15.10. Notice of Assignment 36
Section 15.11. No Joint Venture 37
Section 15.12. Estoppel Certificates 37
Section 15.13. Independence of Action 37

TABLE OF CONTENTS
(continued)

Page

Section 15.14. Limited Recourse 37
Section 15.15. Exhibits 38
Section 15.16. Survival of Covenants 38
Section 15.17. No Acceleration 38
Section 15.18. Conditions Precedent 38
Section 15.19. No Reduction of Assessments 38
Section 15.20. Anti-Boycott Verification 38
Section 15.21. Iran, Sudan and Foreign Terrorist Organizations 38
Section 15.22. Governing Law 39
Section 15.23. Conflict 39

Exhibit A – Property Description
Exhibit B – Planned Development - 12
Exhibit C –Public Improvements
Exhibit D – Reserved
Exhibit E – Landowner Consent
Exhibit F – Form of Payment Certificate
Exhibit G – Form of Disbursement Request
Exhibit H – Homebuyer Disclosure Program
Exhibit I – Development Phases

RABURN RESERVE
DEVELOPMENT AGREEMENT

This Raburn Reserve Development Agreement (this "**Agreement**"), dated as of October 7, 2019 (the "**Effective Date**"), is entered into between HT Raburn Reserve Development L.P. a Texas limited patnership (the "**Developer**"), and the City of Tomball, Texas (the "**City**"), a home-rule city and municipal corporation, acting by and through its duly authorized representative.

Recitals:

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

WHEREAS the Developer currently has under contract to purchase and plans to acquire and to develop, in phases, approximately 105 acres of real property depicted on Exhibit A attached hereto (the "Property") within the corporate limits of the City as a single-family residential development, in accordance with the applicable City Regulations (the "Project"); and

WHEREAS, in order to incentivize the development of the Property and encourage and support economic development within the City and to promote employment, the City desires to facilitate the development of the Property through the financing of certain public infrastructure (the "Public Improvements" as defined herein) and constructing additional public improvements within the Property; and

WHEREAS, in order to finance the Public Improvements, the City Council intends to create a public improvement district that is coterminous with the boundaries of the Property (the "PID") in accordance with Chapter 372 Texas Local Government Code, as amended (the "PID Act"); and

WHEREAS, the City recognizes that financing of the Public Improvements confers a special benefit to the Property within the PID; and

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), adopt the Assessment Ordinance (as defined herein) and adopt the SAPs (as defined herein) which provide for the construction, and financing of the Public Improvements pursuant to the Service and Assessment Plan ("SAP"), payable in whole or in part by and from Assessments levied against property within the PID (whether through a cash reimbursement or through an issuance of PID Bonds); and

WHEREAS, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, the City intends to levy Assessments on all benefitted property located within the PID and issue PID Bonds (as defined herein) up to a maximum aggregate principal amount of $15,000,000 for payment or reimbursement of the Public Improvements included in the SAP; and

WHEREAS the payment and reimbursement for the Public Improvements shall be solely from the installment payments of Assessments and/or proceeds of the PID Bonds and the City shall never be responsible for the payment of the Public Improvements or the PID Bonds from its general fund or its ad valorem tax collections, past or future or any other source of City revenue or any assets of the City of whatsoever nature; and

WHEREAS, the City recognizes the positive impact that the construction and installation of the Public Improvements for the PID will bring to the City and will promote state and local economic development; to stimulate business and commercial activity in the City; for the development and diversification of the economy of the State; development and expansion of commerce in the State, and elimination of employment or underemployment in the State;

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in the Recitals or this Article, and all such terms include the plural as well as the singular.

"Actual Costs" is defined in the Service and Assessment Plan.

"Affiliates" of Hines Acquisitions, LLC means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term "control," "controlling" or "controlled by" shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

"Agreement" has the meaning stated in the first paragraph of this Agreement.

"Annual Installments" means with respect to each parcel subject to Assessments, each annual payment of the Assessments, including any applicable interest, as set forth and calculated in the SAP.

"Applicable Law" means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

"Appraisal" means an appraisal of the property to be assessed in each PID by a licensed MAI Appraiser, such Appraisal to include as-complete improvements, including the Public Improvements and Private Improvements, necessary to get a Final Lot Value.

"Assessment Ordinance" means the City's ordinances approving the SAP and levying Assessments on the benefitted Property within the PID.

"Assessments" means those certain assessments levied by the City pursuant to the PID Act and on benefitted parcels within the PID for the purpose of paying the costs of the Public Improvements, which Assessments shall be structured to be amortized over 30 years, including interest, all as set forth in or modified by the Service and Assessment Plan.

"City Regulations" mean provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Development, including zoning and the City's Planned Development - 12.

"City Representative" means the City Manager or designee which may include a third party inspector or representative.

"City" means the City of Tomball, Texas.

"Closing Disbursement Request" means the Closing Disbursement Request described in Section 4.06, the form of which is attached as Exhibit G.

"Commencement of Construction" shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the applicable improvement, or portion thereof, as the case may be, on the Property; (ii) all necessary permits for the initiation of construction of the improvement, or portion thereof, as the case may be, on the Property pursuant to the respective plans therefore having been issued by all applicable governmental authorities; and (iii) grading of the Property for the construction of the applicable improvement, or portion thereof, as the case may be, has commenced.

"Completion of Construction" shall mean that (i) the construction of the applicable Public Improvement, or portion or segment thereof, as the case may be, benefitting the Property has been substantially completed pursuant to the City's determination; and (ii) the City has with respect to applicable Public Improvements accepted the respective Public Improvements or segment or portion thereof.

"Completed Lots" means Fully Developed and Improved Lots for which (i) water, sanitary sewer, drainage and roads have been extended, and (ii) the City has authorized that a building permit may be obtained for construction on each lot.

"Construction Agreements" mean the contracts for the construction of the Public Improvements.

"Cost Overruns" means those Public Improvement Project Costs that exceed the budget cost set forth in the SAP(s) plus the Developer Cash Contribution.

"Cost Underruns" means Public Improvement Project Costs that are less than the budgeted cost set forth in the SAP(s).

"Delinquent Collection Costs" shall be defined in the SAP(s).

"Developer Cash Contribution" means that portion of the Public Improvement Project Costs that the Developer is contributing to initially fund the Public Improvements for each series of PID Bonds, as set forth in the SAP.

"Developer" means Hines Acquisitions, LLC its successors and permitted assigns.

"Development" means that single-family residential development consisting of approximately 400 single family homes to be developed and constructed on the Property pursuant to the City Regulations.

"Effective Date" means the date set forth in the first paragraph of this Agreement.

"End Buyer" means any developer, homebuilder, tenant, user, or owner of a Fully Developed and Improved Lot.

"Final Lot Value" means the developed lot values established by an Appraisal.

"Force Majeure" means any act that (i) materially and adversely affects the affected Party's ability to perform the relevant obligations under this Agreement or delays such affected Party's ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party's fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. "Force Majeure" shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; and (f) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (g) economic hardship; (h) changes in market condition; (i) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (j) weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (k) the occurrence of any manpower, material or equipment shortages; or (l) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for the Project Improvement and Public Improvements.

"Fully Developed and Improved Lot" means any lot in the Property, regardless of proposed use, intended to be served by the Public Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Harris County, Texas.

"Governmental Authority" means any Federal, state or local governmental entity (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) and any arbitrator to whom a dispute has been presented under Applicable Law, pursuant to the terms of this Agreement or by agreement of the Parties.

"Home or Property Buyer Disclosure Program" means the disclosure program, as set forth in a document in the form of Exhibit H that establishes a mechanism to disclose to each End Buyer the terms and conditions under which their lot is burdened by the PID.

"Impact Fees" means all utility impact fees relating to the Public Improvements in each case assessed, imposed and collected by the City on the Property in accordance with the City Regulations adopted by the City, as may be revised or amended from time to time.

"Impositions" shall mean all taxes, assessments, use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Developer, or any property or any business owned by Developer within City.

"Indenture(s)" means the applicable trust indenture pursuant to which PID Bonds are issued.

"Landowner Consent" means a consent by the applicable owner(s) of the Property consenting to the formation of the PID and the levy of Assessments in the form attached hereto as Exhibit E.

"Net Bond Proceeds" means the proceeds of the PID Bonds issued pursuant to Sections 3.02, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the project fund for such bonds.

"Parties" or "Party" means the City and the Developer as parties to this Agreement.

"Payment Certificate" means a Payment Certificate as set forth in Section 9.03, the form of which is attached as Exhibit F.

"Phase" means a phase of development of the Property. The Development will consist of three (3) phases.

"Phase A" means the first phase of development in the PID, consisting of approximately 143 lots, as depicted on Exhibit I.

"Phase A Public Improvement Financing Date" means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase A of the Property, such date to be no later than March 1, 2020 for Phase A, which date may be extended by written agreement of the Developer and the City.

"Phase B" means the second phase of development in the PID, consisting of approximately 110 lots, as depicted on Exhibit I.

"Phase B Public Improvement Financing Date" means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase B of the Property, such date to be no more than three years after the Completion of Construction of the Public Improvements in Phase A.

"Phase C" means the third phase of development in the PID, consisting of approximately 118 lots, as depicted on Exhibit I.

"Phase C Public Improvement Financing Date" means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase C of the Property, such date to be no more than three years after the Completion of Construction of the Public Improvements in Phase B.

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

"PID Bond Proceeds" means the proceeds of the PID Bonds, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the Project Fund.

"PID Bonds" means one or more series special assessment revenue bonds issued by the City pursuant to the PID Act for the payment and/or reimbursement of the Public Improvement Project Costs, including bonds issued to fund construction of the Public Improvements, and, if any, issued to reimburse the Developer for a portion of the costs of the Public Improvements, not previously funded with bond proceeds.

"PID" means the Raburn Reserve (PID No. 10) Public Improvement District.

"Plans and Specifications" means the plans and specifications for Public Improvements approved by the City.

Planned Development – 12" means that certain zoning ordinance No. 2019-13 of the City set forth in Exhibit B.

"Private Improvements" means these horizontal improvements described in the Plans and Specifications submitted to the City as part of the zoning process, other than the Public Improvements, being constructed in each Phase to get to a Final Lot Value.

"Project Fund" means the fund by that name created under each Indenture into which PID Bond Proceeds shall be deposited.

"Property" means approximately 103.7 acres of real property located within the City described in Exhibit A.

"Public Improvement Completion Date" means a date that is no later than eighteen (18) months after Commencement of Construction for the Public Improvements funded for such phase by each series of PID Bonds.

"Public Improvement Project Costs" means the estimated cost of the Public Improvements to be constructed to benefit the land within the PID as set forth in Exhibit C, as may be amended pursuant to this Agreement, such costs to be eligible "project costs," as defined in the PID Act.

"Public Improvements" means public improvements to be developed and constructed or caused to be developed or constructed inside and outside the PID by the Developer to benefit the PID and the Property, which will include improvements described in Exhibit C.

"Reimbursement Agreement(s)" means the agreement(s) between the City and the Developer in which Developer agrees to fund the certain costs of Public Improvements and the City agrees to reimburse the Developer for a portion of such costs of the Public Improvements from the proceeds of Assessments pursuant to the SAP(s) or from future PID Bond proceeds, if any.

"Service and Assessment Plan" or "SAP" means the service and assessment plans drafted pursuant to the PID Act for the PID and any amendments or updates thereto, adopted and approved by the City that identifies and allocates the Assessments on benefitted parcels within the PID and sets forth the method of assessment, the parcels assessed, the amount of the Assessments, the Public Improvements and the method of collection of the Assessment.

"Trustee" means the trustee under the Indenture.

"Waiver of Liens" means a complete, final and unconditional waiver of all liens with respect to the Public Improvements.

ARTICLE II

THE DEVELOPMENT

Section 2.01. Scope of Agreement. This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property within the PID, the construction of the Public Improvements, reimbursement, acquisition, ownership and maintenance of the Public Improvements, and the issuance of PID Bonds for the financing of the Public Improvements benefitting the property within the PID.

Section 2.02. Project Overview – The Development.

(a) The Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake the design, development and construction of the Public Improvements. The Development will consist of the following elements:

(i) Up to 400 single family homes;

(ii) 1.5 acre recreational reserve

(iii) Swimming pool with dressing rooms, playground and picnic facilities

(iv) 5% of the Development to be open space

(b) Subject to the terms and conditions set forth in this Agreement, the Developer shall plan, design, construct, and complete or cause the planning, designing, construction and completion of the Public Improvements to the City's standards and specifications and subject to the City's approval as provided herein and in accordance with City Regulations and Applicable Law.

(c) Upon completion and acceptance by the City, the City shall own and maintain all of the Public Improvements.

ARTICLE III

PUBLIC IMPROVEMENT DISTRICT

Section 3.01. Creation.

The Developer intends to request the creation of the PID that in total, encompasses the Property, by submitting a petition to the City that contain a list of the Public Improvements to be funded or acquired with the PID Bond Proceeds and the estimated or actual costs of such Public Improvements. Such petition shall also allow for the City's levy of Assessments for maintenance purposes and for administration of the PID. Upon receipt and acceptance of such petition, the City has held a public hearing to consider the creation of the PID in accordance with the PID Act. Developer agrees that the City may require at any time a professional services agreement that obligates Developer to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from PID Bond Proceeds. The Developer agrees to enter into any such agreement upon request by the City.

Section 3.02. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Article III, the City intends to authorize the issuance of PID Bonds in three or more series (each to coincide with the Developer's phased development of the Property) up to an aggregate principal amount of $15,000,000 to construct, reimburse or acquire the Public Improvements benefitting the Property. The Public Improvements to be constructed and funded in connection with the PID Bonds are detailed in Exhibit C, which may be amended from time to time, and in the Service and Assessment Plan for the PID or any updates thereto. The net proceeds from the sale of each series of PID Bonds (i.e., net of costs and expenses of issuance of each series of PID Bonds and amounts for debt service reserves and capitalized interest) will be used to pay for, reimburse or acquire the Public Improvements. Notwithstanding the foregoing, the issuance of PID Bonds is a discretionary action by the City Council and is further conditioned upon the adequacy of the bond security and the financial ability and obligation of the Developer to pay the Developer Cash Contribution and perform its obligations hereunder.

(b) The Developer shall complete all Public Improvements within each phase in the PID and such Public Improvements shall be completed by the Public Improvement Completion Date.

(c) The issuance of PID Bonds is subject to the discretion of the City Council and each series of PID Bonds shall be issued with the terms deemed appropriate by the City Council at the time of issuance, if at all.

(d) The following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

(i) The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed $15,000,000.

(ii) The maximum "tax rate" for the projected annual assessment for each Phase shall be no greater than $0.96 per $100 valuation at the time of issuance of each series of PID Bonds; the tax rate limit applies on an aggregate basis for the entire property within each Phase and on an individual assessed parcel basis (including projected average sales price of the homes to be constructed on the lots).

(iii) Minimum value to lien ratio of at least 3:1 for each series of PID Bonds; such value shall be confirmed by an Appraisal.

(iv) The Developer or its Affiliates shall own all property within a Phase of the PID prior to the levy of Assessments for such Phase.

(v) The Developer must provide evidence reasonably acceptable to the City of an executed loan document and/or private equity in an amount sufficient to complete the amenities set forth in 2.02(a)(iii) above.

(vi) The Developer shall not be in default under this Agreement.

(e) The City intends to levy Assessments on each Phase prior to the issuance of the first series of PID Bonds for each Phase and to issue two series of PID Bonds for each Phase as set forth in this Agreement (an initial series for construction and an additional series pursuant to Section 8.04), subject to the discretion of the City Council.

Section 3.03. Apportionment and Levy of Assessments.

(a) The City intends to levy Assessments on property located within the PID in accordance herewith and with the Service and Assessment Plans (as such plans are amended supplemented or updated from time to time) and the Assessment Ordinances on or before such time as each series of PID Bonds are issued. The City's apportionment and levy of Assessments shall be made in accordance with the PID Act.

(b) Concurrently with the levy of the Assessments on each Phase, the Developer and its Affiliates shall execute and deliver a Landowner Consent in the form attached as Exhibit E for all land owned or controlled by Developer or its Affiliates, or otherwise evidence consent to the creation of the and the levy of Assessments therein and shall record evidence and notice of the Assessments in the real property records of Harris County. The City shall not levy Assessments on property within the PID without an executed Landowner Consent from each landowner within the PID whose property is being assessed.

Section 3.04. Developer Cash Contribution. At closing on any series of PID Bonds intended to fund construction of Public Improvements that have not already been constructed by the Developer, Developer shall deposit into a designated account with the Trustee under the applicable Indenture a pro-rata amount of the Developer Cash Contribution. If the Public Improvements relating to each series of PID Bonds have already been constructed and the PID Bonds are intended to acquire the Public Improvements, then Developer shall not be required to deposit the Developer Cash Contribution as provided in this paragraph for such series. The amount of the Developer Cash Contribution for each series of PID Bonds shall be equal to the difference between the costs of the Public Improvements and the Net PID Bonds Proceeds available to fund such costs of the Public Improvements related to such series of PID Bonds, as set forth in the SAP.

Section 3.05. Transfer of Property. Other than the sale of the Property to the Developer, notwithstanding anything to the contrary contained herein, no sale of property within a Phase of the PID shall occur prior to the City's levy of Assessments in such Phase of the PID unless the Developer provides the City with an executed consent to the creation of the PID and the levy of Assessments, in a form acceptable to the City with respect to the purchased property. In addition, evidence of any transfer of Property in the PID prior to the levy of Assessments on such property shall be provided to the City prior to the levy of Assessments on such property. The City shall require consent of each of the owners of Assessed Property in the PID to the levy of Assessments on each property and to the creation of the PID prior to Assessments being levied on such owner's property. The Developer understands and acknowledges that evidence of land transfer, the execution of the Landowner Consent, appraisal district certificate and property record recording will be required from each Assessed Property Owner in order to levy the Assessments and issue PID Bonds. The Developer shall provide all necessary documentation to the City with respect to any land transfers.

ARTICLE IV

DEVELOPMENT

Section 4.01. Full Compliance with City Standards.

Development and use of the Property by Developer and its Affiliates, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the then current applicable City Regulations.

Section 4.02. Development Standards and Planned Development - 12. As consideration for the City's obligations under this Agreement and in consideration for the issuance of the PID Bonds, the Developer agrees that its development and use of the Property, including, without limitation, the construction, installation, maintenance, repair and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the City Regulations and the Planned Development - 12 attached as Exhibit B. Any changes to the Planned Development - 12 attached hereto must be approved by the City. Upon approval by the City of an updated Planned Development - 12, this Agreement shall be deemed amended to include such approved updated Planned Development - 12.

Section 4.03. Property Acquisition. The Parties acknowledge that the Developer is responsible for the acquisition of certain off-site property rights and interests to allow the Public Improvements to be constructed to serve the Property. Developer shall use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, needed to construct the off-site Public Improvements. The Developer shall provide evidence of costs, maps, locations and size of infrastructure to the City and obtain the City's consent prior to such acquisition of third-party rights-of-way, consents, or easements needed to construct the off-site Public Improvements.

Section 4.04. Zoning of Property. The Developer consents and agrees to the zoning of the Property pursuant to the planned development process and that such zoning shall be consistent with the Planned Development - 12 set forth in Exhibit B.

Section 4.05. Conflicts. In the event of any conflict between this Agreement and any City Regulation, the City Regulations and Planned Development – 12 shall control.

Section 4.06. Replat. The Developer may submit a replat for all or any portion of the Property. Any replat shall be in conformance with City Regulations and may require a prepayment of Assessments as set forth in the applicable SAP.

ARTICLE V

DEVELOPMENT CHARGES

Section 5.01. Plat Review Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's preliminary and final plat review and approval process according to the fee schedule adopted by the City Council and in effect at the time of platting.

Section 5.02. Plan Review and Permit Fees. Development of the Property shall be subject to payment to the City of the reasonable fees and charges applicable to the City's review of plans and specifications and issuance of permits (including building permits) for construction of the Public Improvements according to the fee schedule adopted by the City Council at the time of plan review and permit issuance.

Section 5.03. Inspection Fees. Development of the Property shall be subject to the payment to the City of inspection fees according to the fee schedule adopted by the City Council at the time of inspection.

Section 5.04. Impact Fees. All impact fees associated with the Development shall be paid pursuant to the City Regulations.

ARTICLE VI

DEVELOPMENT SPECIFIC REQUIREMENTS

Section 6.01. Extension of Water Service.

In conjunction with the development of the first phase, and any phase of the Property thereafter developed, the City, at its sole cost (but subject to the payment of any water impact fees as provided in the City Regulations) agrees to have available water supply capacity sufficient to serve the Completed Lots and those lots then under development within the Property. Once fully developed, the City agrees to have available water supply capacity sufficient to serve the full development of the Property as described in Section 2.02(a) hereof.

Section 6.02. Extension of Sanitary Sewer Facilities.

In conjunction with the development of the first phase, and any phase of the Property thereafter developed, the City, at its sole cost (but subject to the payment of any sewer impact fees as provided in the City Regulations), agrees to have available sewer capacity sufficient to serve the Completed Lots and those lots then under development within the Property. Once fully developed, the City agrees to have available sanitary sewer capacity sufficient to serve the full development of the Property as described in Section 2.02(a) hereof.

Section 6.03. Drainage.

On or before the date which is forty-five (45) days prior to completion of the first phase of the Development, the City, at its sole cost (but subject to the payment of any drainage impact fees as provided in the City Regulations) shall extend a box culvert or other means of drainage conveyance ("Box Culvert") for storm water from the perimeter of the Property to M118 ("Detention Pond"). The Box Culvert or other means of drainage conveyance and Detention Pond shall be of sufficient size and capacity to accommodate the storm water outfall from the Property in its fully developed condition as described in Section 2.02(a) hereof.

Section 6.04. Extension of Gas Service.

In conjunction with the development of the first phase, and any phase of the Property thereafter developed, the City, at its sole cost, agrees to have available natural gas capacity to serve the Completed Lots and those lots then under development within the Property. Once fully developed, the City agrees to have available natural gas capacity sufficient to serve the full development of the Property as described in Section 2.02(a).

Section 6.05. Extension of Agg Road (Medical Complex).

The City shall extend Agg Road to the perimeter pursuant to the City Regulations. The City anticipates completion of the road extension within 24 months of the Effective Date of this Agreement. Prior to Commencement of Construction for such extension, the Developer shall dedicate right of way for such extension to the City at no cost.

Section 6.06. Additional Right of Way.

In addition, to the twenty-five (25) feet of right of way to be dedicated by plat along South Persimmon Street, the Developer shall dedicate to the City additional right-of-way in an amount not to exceed twenty (20) feet (or a total of forty-five (45) feet from the existing South Persimmon Street right-of-way/property line), at no cost. The additional dedication will be determined during the design of the future widening of South Persimmon Street. The additional dedication will only

impact the proposed twenty (20) foot buffer and will not impact any of the proposed single-family lots. The City will not require that the rear property line of lots to be any further than forty-five (45) feet from the existing South Persimmon Street right-of-way/property line. The City will ensure that none of the street paving or curb associated with South Persimmon Street is designed or installed any farther than thirty-six (36) feet from the existing eastern edge of the South Persimmon Street right-of-way. This will ensure that no paving or curb is installed any closer than nine (9) feet from the rear property line of the proposed single-family lots.

Section 6.07. Water Loop Completion.

The Developer shall complete the loop for water service for Phase A through Persimmon and such loop shall be completed no later than the Completion of Construction of the Public Improvements in Phase A.

ARTICLE VII

CONSTRUCTION OF THE PUBLIC IMPROVEMENTS

Section 7.01. Designation of Construction Manager, Construction Engineers.

(a) Prior to construction of any Public Improvement, Developer shall make, or cause to be made, application for any necessary permits and approvals required by City and any applicable Governmental Authority to be issued for the construction of the Public Improvements and shall obligate each general contractor, architect, and consultants who work on the Public Improvements to obtain all applicable permits, licenses or approvals as required by Applicable Law. The Developer shall require or cause the design, inspection and supervision of the construction of the Public Improvements to be undertaken in accordance with City Regulations and Applicable Law.

(b) The Developer shall design and construct or cause the design and construction of the Public Improvements, together with and including the acquisition, at its sole costs, of any and all easements or fee simple title to such land necessary to provide for and accommodate the Public Improvements.

(c) Developer shall comply, or shall require its contractors to comply, with all local and state laws and regulations regarding the design and construction of the Public Improvements applicable to similar facilities constructed by City, including, but not limited to, the requirement for payment, performance and two- year maintenance bonds for the Public Improvements.

(d) Upon Completion of Construction of any portion of the Public Improvements, Developer shall provide City with a final cost summary of all Public Improvement Project Costs incurred and paid associated with the construction of that portion of the Public Improvements and provide proof that all amounts owing to contractors and subcontractors have been paid in full evidenced by the "all bills paid" affidavits and lien releases executed by Developer and/or its

contractors with regard to that portion of the Public Improvements. Evidence of payment to the applicable contractors and subcontractors shall be provided prior to the reimbursement of the costs of any portion of the Public Improvements.

(e) Developer agrees to require the contractors and subcontractors which construct the Public Improvements to provide payment, performance and two-year maintenance bonds in forms reasonably satisfactory to the City Attorney. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that the City Attorney has the right to reasonably reject any surety company regardless of such company's authorization to do business in Texas. Evidence of payment and performance bonds shall be delivered to the City prior to Commencement of Construction of any such Public Improvements.

(f) Unless otherwise approved in writing by the City, all Public Improvements shall be constructed and dedicated to the City in accordance with City Regulations and Applicable Law.

(g) The Developer shall dedicate or convey by final plat or separate instrument, without cost to the City and in accordance with the Applicable Law, all property rights necessary for the construction, operation, and maintenance of the road, water, drainage, gas and sewer Public Improvements, at the completion of the Public Improvements and acceptance by the City.

Section 7.02. Construction Agreements. The Construction Agreements shall be let in the name of the Developer. The Developer's engineers shall prepare and provide, or cause the preparation and provision of all contract specifications and necessary related documents. The Developer shall provide all construction documents for the Public Improvements and shall acknowledge that the City has no obligations and liabilities thereunder. The Developer shall include a provision in the construction documents for the Public Improvements that the contractor will indemnify the City and its officers and employees against any costs or liabilities thereunder. The Developer or its designee (Engineer) shall administer the contracts. The Public Improvement Project Costs, which are estimated on Exhibit C, shall be paid proceeds of PID Bonds or the Developer Cash Contribution in accordance with the Bond Indentures, or reimbursed by the Assessments levied pursuant to the terms of a Reimbursement Agreement.

(a) The following requirements apply to Construction Agreements for Public Improvements:

(i) Plans and specifications shall comply with all Applicable Law and City Regulations and all Plans and Specification shall be reviewed and approved by the City prior to the issuance of permits. The City shall have thirty (30) business days from its receipt of the first submittal of the Plans and Specifications to approve or deny the Plans and Specifications or to provide comments to the submitter. If any approved Plans and Specifications are amended or supplemented, the City shall have thirty (30) business days from its receipt of such amended or supplemented Plans and Specifications to approve or deny the Plans and Specification or provide comments back to the submitter. Any written City approval or denial must be based on compliance with applicable City Regulations or other regulatory agencies that have jurisdiction over the Development.

(ii) Each Construction Agreement shall provide that the Contractor is an independent contractor, independent of and not the agent of the City and that the Contractor is responsible for retaining, and shall retain, the services of necessary and appropriate architects and engineers; and

(iii) Each Construction Agreement for improvements not yet under construction shall provide that the Contractor shall indemnify the City, its officers and employees for any costs or liabilities thereunder and for the negligent acts or omissions of the Contractor.

(b) City's Role.

The City shall have no responsibility for the cost of planning, design, engineering construction, furnishing/equipping the Public Improvements (before, during or after construction) except to the extent of the reimbursement or funding of the Public Improvements Project Costs as set forth in this Agreement. The Developer will not hold the City responsible for any costs of the Public Improvements other than the reimbursements or fundings described in this Agreement. The City shall have no liability for any claims that may arise out of design or construction of the Public Improvements, and the Developer shall cause all of its contractors, architects, engineers, and consultants to agree in writing that they will look solely to the Developer, not to the City, for payment of all costs and valid claims associated with construction of the Public Improvements.

Section 7.03. Project Scope Verification.

(a) The Developer will from time to time, as reasonably requested by the City Representative, verify to the City Representative that the Public Improvements are being constructed substantially in accordance with the Plans and Specifications approved by the City. To the extent the City has concerns about such verification that cannot be answered by the Developer, to the City's reasonable satisfaction, the Developer will cause the appropriate architect, engineer or general contractor to consult with the Developer and the City regarding such concerns.

Section 7.04. Joint Cooperation; Access for Planning and Development.

(a) Cooperation and Timely Response. During the planning, design, development and construction of the Public Improvements, the parties agree to cooperate and coordinate with each other, and to assign appropriate, qualified personnel to this project. The City staff will make reasonable efforts to accommodate urgent or emergency requests during construction. In order to facilitate a timely review process, the Developer shall cause the architect, engineer and other design professionals to attend City meetings if requested by the City.

Section 7.05. City Not Responsible.

By performing the functions described in this Article, the City shall not, and shall not be deemed to, assume the obligations or responsibilities of the Developer, whose obligations under this Agreement and under Applicable Law shall not be affected by the City's exercise of the functions described in this Article. The City's review of any Plans and Specifications is solely for the City's own purposes, and the City does not make any representation or warranty concerning the appropriateness of any such Plans and Specifications for any purpose. The City's approval of (or failure to disapprove) any such Plans and Specifications, including the Site Plan, submitted

with such Plans and Specifications and any revisions thereto, shall not render the City liable for same, and the Developer assumes and shall be responsible for any and all claims arising out of or from the use of such Plans and Specifications.

Section 7.06. Construction Standards and Inspection.

The Public Improvements will be installed within the public right-of-way or in easements granted to the City. Such easements may be granted at the time of final platting in the final plat or by separate instrument. The Public Improvements shall be constructed and inspected in accordance with applicable state law, and City Regulations, and all other applicable development requirements, including those imposed by any other governing body or entity with jurisdiction over the Public Improvements, and this Agreement, provided, however, that if there is any conflict, the regulations of the governing body or entity with jurisdiction over the Public Improvement being constructed shall control.

Section 7.07. Public Improvements to be Owned by the City – Title Evidence.

The Developer shall furnish to the City a preliminary title report for land with respect to the Public Improvements, including any related rights-of-way, easements, and open spaces if any, to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title of a Public Improvement to the City. The City Representative shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City Representative does not approve the preliminary title report, the City shall not be obligated to accept title to the Public Improvement until the Developer has cured such objections to title to the satisfaction of the City Representative.

Section 7.08. Public Improvement Constructed on City Land or the Property.

If the Public Improvement is on land owned by the City, the City hereby grants to the Developer a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Public Improvement. If the Public Improvement is on land owned by the Developer, the Developer shall dedicate easements by plat or shall execute and deliver to the City such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby grants to the City a permanent access and maintenance easement to enter upon such land for purposes related to inspection and maintenance of the Public Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Public Improvement as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Public Improvement. The provisions for inspection and acceptance of such Public Improvement otherwise provided herein shall apply.

Section 7.09. Additional Requirements.

In connection with the design and construction of the Public Improvements, the Developer shall take or cause the following entities or persons to take the following actions and to undertake the following responsibilities:

(a) The Developer shall provide to the City electronic copies of the Plans and Specifications for the Public Improvements (including revisions) as such Plans and Specifications are currently in existence and as completed after the date hereof and shall provide the City one complete set of record drawings (in electronic format) for the Public Improvements, in accordance with Applicable Law;

(b) In accordance with the requirements between the Developer and the City with regard to the development and construction of the Public Improvements, the Developer or such person selected by and contracting with the Developer shall provide the City with a copy of the detailed construction schedule outlining the major items of work of each major construction contractor, and any revisions to such schedule;

(c) The Developer shall provide construction documents, including the Plans and Specifications to the City, signed and sealed by one or more registered professional architects or engineers licensed in the State of Texas at the time the construction documents are submitted to the City for approval;

(d) The Developer shall provide the City with reasonable advance notice of any regularly-scheduled construction meetings regarding the Public Improvements, and shall permit the City to attend and observe such meetings as the City so chooses in order to monitor the project, and shall provide the City with copies of any construction schedules as are discussed and reviewed at any such regularly-scheduled construction meeting;

(e) The Developer or any general contractor shall comply with, and shall require that its agents and subcontractors comply with, all Applicable Laws regarding the use, removal, storage, transportation, disposal and remediation of hazardous materials;

(f) The Developer or any general contractor shall notify and obtain the City's approval for all field changes that directly result in material changes to the portion of the Plans and Specifications for the Public Improvements that describe the connection of such improvements with City streets, storm sewers and utilities;

(g) Upon notice from the City, the Developer shall or shall cause any general contractor to promptly repair, restore or correct, on a commercially reasonable basis, all damage caused by the general contractor or its subcontractors to property or facilities of the City during construction of the Public Improvements and to reimburse the City for out-of-pocket costs actually incurred by the City that are directly related to the City's necessary emergency repairs of such damage;

(h) Upon notice from the City, the Developer shall promptly cause the correction of defective work and shall cause such work to be corrected in accordance with the construction contracts for the Public Improvements and with City Regulations;

(i) If the Developer performs any soils, construction and materials testing during construction of the Public Improvements, the Developer shall make available to the City copies of the results of all such tests; and

(j) If any of the foregoing entities or persons shall fail in a material respect to perform any of its obligations described above (or elsewhere under this Agreement), the Developer shall use its good faith efforts to enforce such obligations against such entities or persons, or the Developer may cure any material failure of performance as provided herein; and

(k) The Developer shall provide any other information or documentation or services required by City Regulations; and

(l) The Developer shall allow the City Representative to conduct a reasonable pre-final and final inspection of the Public Improvements. Upon acceptance by the City of the Public Improvements, the City shall become responsible for the maintenance of the Public Improvements and making any bond or warranty claim, if applicable.

Section 7.10. Revisions to Scope and Cost of Public Improvements.

(a) The Public Improvement Project Costs, as set forth in Exhibit C, may be modified or amended from time to time upon the approval of the City Representative, provided that the total cost of the Public Improvements shall not exceed such amounts as set forth in the applicable SAP plus the Developer Cash Contribution. Should the Public Improvements be amended by the City Council in a SAP pursuant to the PID Act, the City Representative shall be authorized to make corresponding changes to the applicable Exhibits attached hereto and shall keep official record of such amendments.

(b) Should the Public Improvement Project Costs exceed the amounts set forth in the SAPs, the Developer must make a Developer Cash Contribution at the time of each PID Bond issuance such that the net proceeds of each series of PID Bonds plus the Developer Cash Contribution, is sufficient to fund the Public Improvement Project Costs for which the PID Bonds are being issued.

Section 7.11. City Police Powers.

The Developer recognizes the authority of the City pursuant to the Texas Constitution together with the City's charter and ordinances to exercise its police powers in accordance with applicable laws to protect the public health, safety, and welfare. The City retains its police powers over the Developer's or its general contractor's construction activities on or at the Property, and the Developer recognizes the City's authority to take appropriate enforcement action in accordance with Applicable Law to provide such protection. No lawful action taken by the City pursuant to these police powers shall subject the City to any liability under this Agreement, including without limitation liability for costs incurred by any general contractor or the Developer, and as between the Developer and the City, any such costs shall be the sole responsibility of the Developer and any of its general contractors and shall not be reimbursable from PID Bond Proceeds.

Section 7.12. Title and Mechanic's Liens.

(a) Title. The Developer agrees that the Public Improvements shall not have a lien or cloud on title upon their dedication to and acceptance by the City.

(i) Mechanic's Liens. Developer shall not create nor allow or permit any liens, encumbrances, or charges of any kind whatsoever against the Public Improvements arising from any work performed by any contractor by or on behalf of the Developer. The Developer shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Public Improvements for work or materials furnished to the Developer in connection with any construction, improvements, renovation, maintenance or repair thereof made by the Developer or any contractor, agent or representative of the Developer. The Developer shall cause any such claim of lien to be fully discharged no later than thirty (30) days after the Developer's receipt of written notice of the filing thereof.

Section 7.13. City Consents.

Any consent or approval by or on behalf of the City required in connection with the design, construction, improvement or replacement of the Public Improvements or otherwise under this Agreement shall not be unreasonably withheld, delayed, or conditioned. Any review associated with any determination to give or withhold any such consent or approval shall be conducted in a timely and expeditious manner with due regard to the cost to the Developer associated with delay.

Section 7.14. Right of the City to Make Inspection.

(a) At any time during the construction of the Public Improvements, the City shall have the right to enter the Property for the purpose of inspection of the progress of construction on the Public Improvements; provided, however, the City Representative shall comply with reasonable restrictions generally applicable to all visitors to the Development that are imposed by the Developer or its General Contractor or subcontractors. The Developer shall pay the City's costs for the retention of a third-party inspector.

(b) Inspection of the construction of all Public Improvements shall be by the City Representative or his/her designee. In accordance with Sections 5.03 and 7.03, the Developer shall pay the inspection fee which may be included as a Public Improvement Project Cost.

(c) City may enter the Property in accordance with customary City procedures and Applicable Law to make any repairs or perform any maintenance of Public Improvements which the City has accepted for maintenance. If, during construction of the Public Improvements, the Developer is in default under this Agreement beyond any applicable cure period or in the event of an emergency which is not being timely addressed, the City may enter the Property to make any repairs to the Public Improvements that have not been accepted for maintenance by the City, of every kind or nature, which the Developer is obligated under this Agreement to repair or maintain but which the Developer has failed to perform after reasonable notice (other than in the case of an emergency in which notice is impossible or impractical). The Developer shall be obligated to reimburse the City the reasonable costs incurred by the City for any such repairs. Nothing

contained in this paragraph shall be deemed to impose on the City any obligation to actually make repairs or alterations on behalf of the Developer.

Section 7.15. Competitive Bidding. The construction of the Public Improvements (which are funded from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9). In the event that the actual costs of the Public Improvement do not meet the parameters for exemption from the competitive bid requirement, then either competitive bidding or alternative delivery method may be utilized by the City as allowed by Applicable Law.

ARTICLE VIII

PAYMENT OF PUBLIC IMPROVEMENTS

Section 8.01. Overall Requirements.

(a) The City shall not be obligated to provide funds for any Public Improvement except from the proceeds of the PID Bonds or from Assessments pursuant to a Reimbursement Agreement. The City makes no warranty, either express or implied, that the proceeds of the PID Bonds available for the payment or reimbursement of the Public Improvement Project Costs or for the payment of the cost to construct or acquire a Public Improvement by the City will be sufficient for the construction or acquisition of all of the Public Improvements. Any costs of the Public Improvements in excess of the available PID Bond Proceeds or Assessments pursuant to a Reimbursement Agreement, shall not be paid or reimbursed by the City. The Developer acknowledges and agrees that any lack of availability of monies in the Project Funds established under the Indentures to pay the costs of the Public Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Public Improvements required by this Agreement, or any other agreement to which the Developer is a party, or any governmental approval to which the Developer or Property is subject.

(b) Upon written acceptance of a Public Improvement, and subject to any applicable maintenance-bond period, the City shall be responsible for all operation and maintenance of such Public Improvement, including all costs thereof and relating thereto.

(c) The City's obligation with respect to the reimbursement or payment of the Public Improvement Project Costs shall be limited to the lower of Actual Costs or the available Net PID Bond Proceeds or Assessment revenues, and shall be payable solely from amounts on deposit in the Project Funds from the sale of the PID Bonds as provided herein and in the Indentures, or Assessments collected for the reimbursement or payment of such costs pursuant to Reimbursement Agreement. The Developer agrees and acknowledges that it is responsible for all costs and all expenses related to the Public Improvements in excess of the available Net PID Bond Proceeds and that the Developer Cash Contribution must be deposited at the time of the issuance of PID Bonds.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for

liquidation of an investment. Any such loss may diminish the amounts available in the Project Fund to pay or reimburse the Public Improvement Project Costs in the PID. The obligation of Developer to pay the Assessments is not in any way dependent on the availability of amounts in the Project Fund to pay for all or any portion of the Public Improvements Project Costs hereunder.

Section 8.02. Remaining Funds after Completion of a Public Improvement.

With respect to the PID, if, upon the Completion of Construction of a Public Improvement (or segment or stage thereof) and payment or reimbursement for such Public Improvement, there are Cost Underruns, any remaining budgeted cost(s) may be available to pay Cost Overruns on any other Public Improvement with the approval of the City Representative and provided that all Public Improvements as set forth in the applicable Service and Assessment Plan are undertaken at least in part. The elimination of a category of Public Improvements in the Service and Assessment Plans will require an amendment to the SAP. Upon completion of the Public Improvements, or segment or stage thereof, any Cost Underrun for any Public Improvement within the PID is available to pay Cost Overruns on any other Public Improvement within the PID, and may be added to the amount approved for payment in any Payment Certificate, as approved by the City Representative.

Section 8.03. Payment Process for Public Improvements.

(a) The City shall authorize payment or reimbursement of the Public Improvement Project Costs from PID Bond Proceeds or from Assessments collected in the PID as set forth in 8.04 below. The Developer shall submit a Payment Certificate to the City (no more frequently than monthly) for Public Improvement Project Costs including a completed segment, section or portion of a Public Improvement, as approved by the City. The form of the Payment Certificate is set forth in Exhibit F, as may be modified by the applicable Indenture or Reimbursement Agreement. The City shall review the sufficiency of each Payment Certificate with respect to compliance with this Agreement, compliance with the Applicable Law, and compliance with the applicable SAP and Plans and Specifications. The City shall review each Payment Certificate within thirty (30) Business Days of receipt thereof and upon approval, certify the Payment Certificate pursuant to the provisions of the applicable Indenture or Reimbursement Agreement, and payment shall be made to the Developer or its designee pursuant to the terms of the applicable Indenture or Reimbursement Agreement, provided that funds are available under the applicable Indenture or Reimbursement Agreement. Notwithstanding the foregoing, the City shall review the first Payment Certificate within forty-five (45) business days of receipt thereof. If a Payment Certificate is approved only in part, the City shall specify the extent to which the Payment Certificate is approved and payment for such partially approved Payment Certificate shall be made to the Developer pursuant to the terms of the applicable Indenture or Reimbursement Agreement, provided that funds are available under the applicable Indenture or Reimbursement Agreement.

(b) If the City requires additional documentation, timely disapproves or questions the correctness or authenticity of the Payment Certificate, the City shall deliver a detailed notice to the Developer within fifteen (15) Business Days of receipt thereof, then payment with respect to disputed portion(s) of the Payment Certificate shall not be made until the Developer and the City have jointly settled such dispute or additional information has been provided to the City's reasonable satisfaction.

(c) The City shall reimburse the Public Improvement Project Costs as set forth in Exhibit C and the SAP, from funds available pursuant to the applicable Indenture or Reimbursement Agreement.

(d) Reimbursement to the Developer and the City for administrative costs relating to the creation of the PID, the levy of assessments and issuance of the PID Bonds may be distributed at closing of the applicable series of PID Bonds pursuant to a Closing Disbursement Request, in the form attached as Exhibit G.

Section 8.04. Public Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds.

(a) In the event that, (i) the City does not issue PID Bonds by the Public Improvement Financing Date, or (ii) PID Bonds cannot be issued for the full costs of the Public Improvements of a result of the parameters set forth in Section 3.02(d), the reimbursement for costs of the Public Improvements set forth in Exhibit C and in the Service and Assessments Plan that are not paid with PID Bond Proceeds shall be made on an annual basis from Assessments levied by the City for the Public Improvements pursuant to Chapter 372, Texas Local Government Code, as amended, unless the Public Improvement Financing Date has been extended by written agreement between the Developer and the City and approved by City Council. Such reimbursement shall be made pursuant to the terms and provisions of one or more Reimbursement Agreements. Such Reimbursement Agreement shall set forth the terms of the annual reimbursement for the costs of the Public Improvements. If the City does not issue additional PID Bonds to fund subsequent Public Improvement Project Costs that have not been previously funded by PID Bonds, such unfunded costs may be funded from Assessments pursuant to additional Reimbursement Agreements. These Reimbursement Agreement obligations may be reimbursed through the issuance of PID Bonds by the City once the parameters set forth in Section 3.02(d) can be met. The issuance of any PID Bonds to fund obligations under a Reimbursement Agreement is subject to the City's discretion and shall be determined by the City. In any event, the issuance of PID Bonds to Fund any obligations under a Reimbursement Agreement, if the City determines to issue such PID Bonds, shall occur no later than three (3) years after the Phase C Public Improvement Financing Date.

(b) Reimbursement or payment of the costs of the Public Improvements shall only be made from the levy of Assessments within the PID as set forth herein.

(c) The term, manner and place of payment or reimbursement to the Developer under this Section shall be set forth in the Reimbursement Agreement.

(d) Reimbursement or payment shall be made only for the costs of the Public Improvements as set forth in this Agreement, the Service and Assessment Plan or in the Reimbursement Agreement, as approved by the City. Any additional public improvements other than the Public Improvements constructed by the Developer and dedicated to the City, shall not be subject to payment or reimbursement under the terms of this Agreement.

Section 8.05. Rights to Audit.

(a) The City shall have the right to audit, upon reasonable notice and at the City's own expense, records of the Developer with respect to the expenditure of funds to pay Public Improvement Project Costs. Upon written request by the City, the Developer shall give the City or its agent, access to those certain records controlled by, or in the direct or indirect possession of, the Developer (other than records subject to legitimate claims of attorney-client privilege) with respect to the expenditure of Public Improvement Project Costs, and permit the City to review such records in connection with conducting a reasonable audit of such fund and account. The Developer shall make these records available to the City electronically or at a location that is reasonably convenient for City staff.

(b) The City and the Developer shall reasonably cooperate with the assigned independent auditors (internal or external) in this regard, and shall retain and maintain all such records for at least 2 years from the date of Completion of Construction of the Public Improvements. All audits must be diligently conducted and once begun, no records pertaining to such audit shall be destroyed until such audit is completed.

ARTICLE IX

REPRESENTATIONS AND WARRANTIES

Section 9.01. Representations and Warranties of City.

The City makes the following representation and warranty for the benefit of the Developer:

(a) Due Authority; No Conflict. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act). The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

Section 9.02. Representations and Warranties of Developer.

The Developer makes the following representations, warranties and covenants for the benefit of the City:

(a) Due Organization and Ownership. The Developer is a Texas [limited liability company] validly existing under the laws of the State of Texas and is duly qualified to do business in the State of Texas; and that the person executing this Agreement on behalf of it is authorized to enter into this Agreement.

(b) Due Authority: No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a Party, or by which the Developer is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, arbitrator or governmental authority.

(c) Consents. No consent, approval, order or authorization of, or declaration or filing with any governmental authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

(d) Litigation/Proceedings. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(e) Legal Proceedings. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement, or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

(f) Ownership. The Developer represents that it or one or more Affiliates will be the sole owners of the Property within the PID at the time of their creation and will be the sole owners at the time of the levy of Assessments. The Developer shall consent to the levy of Assessments in substantially the form of the Landowner Consent attached hereto as Exhibit E, and shall not transfer title of any land within the PID prior to the levy of all Assessments within each PID.

ARTICLE X

MAINTENANCE OF LANDSCAPE IMPROVEMENTS

Section 10.01. Mandatory Property Owners' Association.

(a) The Developer will create a mandatory homeowners' association ("HOA") over the portion of the Property then being developed as single family homes ("the "Single Family Property"), which HOA, through its conditions and restrictions filed of record in the property records of Harris County, shall be required to assess and collect from owners annual fees in an amount calculated to maintain the open spaces, common areas, right-of-way irrigation systems, raised medians and other right-of-way landscaping, detention areas, drainage areas, screening walls, trails, lawns, landscaped entrances to the Single Family Property and any other common improvements or appurtenances (the "HOA Maintained Improvements").

(b) While the Parties anticipate that the HOA established to maintain and operate the HOA Maintained Improvements, will adequately perform such duties, in the event that the City determines that the HOA is not adequately performing the duties for which it was created, which non-performance shall be evidenced by violations of applicable deed restrictions and/or applicable City ordinances, the City reserves the right to levy an assessment each year equal to the actual costs of operating and maintaining the HOA Maintained Improvements that are owned by the City. The City agrees that it will not levy such assessments without first giving the HOA written notice of the deficiencies and providing the HOA with sixty (60) days in which to cure the deficiencies.

(c) Covenants, conditions and restrictions for the HOA must be filed before more than ten percent (10%) of the first series of PID Bond Proceeds may be released from the applicable Project Fund pursuant to a Certificate for Payment.

ARTICLE XI

TERMINATION EVENTS

Section 11.01. Developer Termination Events.

The Developer may terminate this Agreement as to a phase of Development if the City does not either (i) sell PID Bonds by the Public Improvement Financing Date (i.e., the Phase A Public Improvement Financing Date, the Phase B Public Improvement Financing Date and the Phase C Public Improvement Financing Date) or (ii) levy Assessments and enter into a Reimbursement Agreement pursuant to Section 8.04 for such phase of the Development.

Section 11.02. City Termination Events.

(a) The City may terminate this Agreement for each Phase if the City determines both (i) not to issue a series of PID Bonds for such phase of Development to fund the construction of the Public Improvements, and (ii) not to levy Assessments and enter into a Reimbursement Agreement for such phase of the Development.

(b) The City may terminate this Agreement and any Reimbursement Agreement, upon an Event of Default by the Developer pursuant to Article XIV herein.

(c) The City may terminate this Agreement and any Reimbursement Agreement, if Commencement of Construction of the private horizontal improvements within the Development has not occurred within three years of the Effective Date.

(d) The City may terminate this Agreement if the Developer does not pay the Developer Cash Contribution at closing of the applicable series of PID Bonds.

(e) The City may terminate this Agreement if the Developer has not purchased the Property prior to the levy of Assessments in Phase A.

Section 11.03. Termination Procedure.

If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other Party specifying in reasonable detail the basis for such termination and electing to terminate this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, including the reimbursement of any of Developer's costs that were previously advanced or incurred. Provided, however, that as of the date of termination, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City, shall still be subject to reimbursement.

Section 11.04. City Actions Upon Termination.

In the event of termination of this Agreement, the City may (i) use any remaining PID Bond Proceeds to redeem PID Bonds pursuant to the provisions of the Indenture or (ii) construct or cause to be constructed the remaining Public Improvements, payable from PID Bond Proceeds. Upon termination the Developer shall have no claim or right to any further payments for Public Improvements Project Costs pursuant to this except that, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City shall still be subject to reimbursement.

ARTICLE XII

TERM

This Agreement shall terminate upon the earlier of: (i) the expiration of 30 years from the Effective Date, (ii) the date on which the City and the Developer discharge all of their obligations hereunder, including (a) The Public Improvements have been completed and the City has accepted

all of the Public Improvements and (b) all PID Bond Proceeds have been expended for the construction of all of the Public Improvements and the Developer has been reimbursed for all completed and accepted Public Improvements (iii) an event of default under Article XIII, or (iv) the occurrence of a termination event under Article XI.

ARTICLE XIII

DEFAULT AND REMEDIES

Section 13.01. Developer Default.

Each of the following events shall be an "Event of Default" by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Agreement; provided, however, that if a contractor fails to maintain any of the insurance or bonds required by this Agreement, the Developer shall have thirty (30) calendar days to cure.

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure such failure within ninety (90) calendar days after written notice thereof is given by the City to the Developer;

(c) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(d) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

(e) The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(f) The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID if such failure is not cured within thirty (30) calendar days after written notice by the City; OR

(g) Any representation or warranty confirmed or made in this Agreement by the Developer was untrue in any material respect as of the Effective Date.

Section 13.02. Notice and Cure Period.

(a) Before any Event of Default under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such Event of Default shall notify, in writing, the Party alleged to have failed to perform the alleged Event of Default and shall demand performance (with the exception of 13.01(f) above). Except with respect to cure periods set forth in 13.01 above, which shall be controlling, no breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days subject.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure, the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than seven (7) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

Section 13.03. City's Remedies.

With respect to the occurrence of an Event of Default the City may pursue the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, and termination of this Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 13.04. City Default.

Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given to the City by the Developer.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money, and shall not cure such failure within ninety (90) calendar days after written notice thereof is given by the Developer to the City.

Section 13.05. Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal remedy or remedies specifically including damages as set forth below (specifically excluding specific performance and other equitable remedies), and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided.

(b) No remedy herein conferred or reserved is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 13.06. Limited Waiver of Immunity.

(a) The City and the Developer hereby acknowledge and agree that to the extent this Agreement is subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code, as amended, and the City's immunity from suit is waived only as set forth in such statute.

(b) Should a court of competent jurisdiction determine the City's immunity from suit is waived is any manner other than as provided in Subchapter I of Chapter 271, TEXAS LOCAL GOVERNMENT CODE, as amended, the Parties hereby acknowledge and agree that in a suit against the City for breach of this Agreement:

(i) The total amount of money awarded is limited to actual damages in an amount not to exceed the balance due and owed by City under this Agreement or any Reimbursement Agreement and is payable solely from Assessment revenues;

(ii) The recovery of damages against City or the Developer may not include consequential damages or exemplary damages;

(iii) The Parties may not recover attorney's fees; and

(iv) The Parties are not entitled to specific performance or injunctive relief against the City.

Section 13.07. Limitation on Damages.

In no event shall any Party have any liability under this Agreement for any exemplary or consequential damages.

Section 13.08. Waiver.

Forbearance by the non-defaulting Party to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default by the other Party shall not be deemed or construed to constitute a waiver of such default. One or more waivers of a breach of any covenant, term or condition of this Agreement by either Party hereto shall not be construed by the other Party as a waiver of a different or subsequent breach of the same covenant, term or condition. The consent or approval of either Party to or of any act by the other Party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any other subsequent similar act.

ARTICLE XIV

INSURANCE, INDEMNIFICATION AND RELEASE

Section 14.01. Insurance.

With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall maintain or cause to be maintained, by the persons constructing the Public Improvements, certain insurance, as provided below in full force and effect at all times during construction of the Public Improvements and shall require that the City is named as an additional insured under such contractor's insurance policies.

(a) With regard to the obligations of this Agreement, the Developer shall obtain and maintain in full force and effect at its expense, or shall cause each contractor to obtain and maintain at their expense, the following policies of insurance and coverage:

(i) Commercial general liability insurance insuring the City, contractor and the Developer against liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of the activities of Developer, the contractor, the City and their respective officers, directors, agents, contractors, or employees, in the amount of $500,000 Per Occurrence or a limit equal to the amount of the contract amount, $2,000,000 General Aggregate Bodily Injury and Property Damage. The contractor may procure and maintain a Master or Controlled Insurance policy to satisfy the requirements of this section,

which may cover other property or locations of the contractor and its affiliates, so long as the coverage required in this section is separate;

(ii) Worker's Compensation insurance as required by law;

(iii) Business automobile insurance covering all operations of the contractor pursuant to the Construction Agreement involving the use of motor vehicles, including all owned, non-owned and hired vehicles with minimum limits of not less than One Million Dollars ($1,000,000) combined single limit for bodily injury, death and property damage liability.

(iv) To the extent available, each policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City;

(v) Each policy of insurance with the exception of Worker's Compensation and professional liability shall be endorsed to include the City (including its former, current, and future officers, directors, agents, and employees) as additional insureds;

(vi) Each policy, with the exception of Worker's Compensation and professional liability, shall be endorsed to provide the City sixty (60) days' written notice prior to any cancellation, termination or material change of coverage; and

(vii) The Developer shall cause each contractor to deliver to the City the policies, copies of policy endorsements, and/or certificates of insurance evidencing the required insurance coverage before the Commencement of Construction of the Public Improvements and within 10 days before expiration of coverage, or as soon as practicable, deliver renewal policies or certificates of insurance evidencing renewal and payment of premium. On every date of renewal of the required insurance policies, the contractor shall cause a Certificate of Insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition the contractor shall within ten (10) business days after written request provide the City with the Certificates of Insurance and policy endorsements for the insurance required herein (which request may include copies of such policies).

Section 14.02. Waiver of Subrogation Rights.

The Commercial General Liability, Worker's Compensation, Business Auto and Excess Liability Insurance required pursuant to this Agreement shall provide for waivers of all rights of subrogation against the City.

Section 14.03. Additional Insured Status.

With the exception of Worker's Compensation Insurance and any Professional Liability Insurance, all insurance required pursuant to this Agreement shall include and name the City as additional insureds using Additional Insured Endorsements that provide the most comprehensive coverage to the City under Texas law including products/completed operations.

Section 14.04. Certificates of Insurance.

Certificates of Insurance and policy endorsements in a form satisfactory to City shall be delivered to City prior to the commencement of any work or services on the Public Improvements. All required policies shall be endorsed to provide the City with sixty (60) days advance notice of cancellation or non-renewal of coverage. The Developer shall provide sixty (60) days written notice of any cancellation, non-renewal or material change in coverage for any of the required insurance in this Article.

On every date of renewal of the required insurance policies, the Developer shall cause (and cause its contractors) to provide a certificate of insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition, the Developer shall, within ten (10) business days after written request, provide the City with certificates of insurance and policy endorsements for the insurance required herein (which request may include copies of such policies). The delivery of the certificates of insurance and the policy endorsements (including copies of such insurance policies) to the City is a condition precedent to the payment of any amounts to the Developer by the City.

Section 14.05. Carriers.

All policies of insurance required to be obtained by the Developer and its contractors pursuant to this Agreement shall be maintained with insurance carriers that are satisfactory to and as reasonably approved by City, and lawfully authorized to issue insurance in the state of Texas for the types and amounts of insurance required herein. All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service. All policies must be written on a primary basis, non-contributory with any other insurance coverage and/or self-insurance maintained by the City. All insurance coverage required herein shall be evidenced by a certificate of insurance and policy endorsements submitted by the Developer's and its contractors' insurer or broker. Certificates of insurance and policy endorsements received from any other source will be rejected.

Section 14.06. INDEMNIFICATION.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY AND ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS CONTRACT, VIOLATIONS OF LAW, OR BY ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE CONTRACTOR, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, SUBCONTRACTORS, OR SUB-SUBCONTRACTORS AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL

NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE CITY, AND ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS. THE CITY DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE CITY.

ARTICLE XV

GENERAL PROVISIONS

Section 15.01. 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 or other electronic transmittal, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses 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:

To the City: City Manager
401 Market Street
Tomball, TX 77375

With a copy to: Attn: City Attorney
Olson & Olson, LLP
2727 Allen Parkway, Suite 600
Houston, TX 77019

To the Developer: Attn: Brian Stidham
Hines Acquisitions LLC
609 Main Street, Suite 2400
Houston, Texas 77002

With a copy to: c/o HT Raburn Reserve Development L.P.
Attn: Corporate Counsel
609 Main Street, Suite 2400
Houston, Texas 77002

Section 15.02. Make-Whole Provision. If the issuance of the PID Bonds in any calendar year precludes the City from issuing bank qualified debt for that calendar year, then the Developer shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been bank qualified. The City's financial advisor shall calculate the PID Bond Fee based on the planned debt issuances for the City in the year in which each series of PID Bonds are issued, and shall notify the Developer of the total amount due prior to the issuance of the applicable series of PID Bonds. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. The PID Bond Fee shall be held in a segregated account of the City and if the total amount of debt obligations sold or entered into by the City in the calendar year in which the applicable series of PID Bonds are issued are less than the bank qualification limits (currently $10 million per calendar year), then the PID Bond Fee shall be returned to the Developer. If, at the time of the City's notification to the Developer as set forth above, there are additional bonds to be issued by the City in that year that will be issued to accommodate additional developers within the City, the PID Bond Fee shall be shared by all parties in a pro-rata amount based upon the estimated par amounts of each series of bonds issued for the benefit of each, as determined by the City and its financial advisor.

Section 15.03. Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The obligations, requirements or covenants to develop the Property, including construction of the Public Improvements may be assigned to an Affiliate without the prior written consent of the City. The obligations, requirements or covenants to the development of the Property, including construction of the Public Improvements shall not be assigned to any non-Affiliate without the prior written consent of the City Council, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Council. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the

City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement or the Property.

(b) Developer may assign any receivables or revenues due pursuant to this Agreement or any Reimbursement Agreement to a third party without the consent of, but upon written notice to the City. Provided, however, that notwithstanding the above, the City shall not be required to make partial payments to more than two parties as a result of an assignment.

(c) The Developer and assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including Notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement within thirty (30) days written Notice to the lender, not to be unreasonably withheld. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

(d) The City shall not be required to acknowledge the receipt of any Assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or email.

(e) The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

Section 15.04. Table of Contents; Titles and Headings.

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 15.05. Entire Agreement; Amendment.

This Agreement is the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that in any manner relates to the subject matter of this Agreement. This Agreement may only be amended by a written agreement executed by all Parties.

Section 15.06. Time.

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 15.07. Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 15.08. Severability; Waiver.

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

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 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.

Section 15.09. No Third-Party Beneficiaries.

The City and the Developer intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any third party beneficiary, or any individual or entity other than the City, the Developer or assignees of such Parties.

Section 15.10. Notice of Assignment. Developer shall not transfer any portion of the Property prior to the levy of Assessments, except as provided in Section 3.05. Subject to Section 15.03 herein, the requirements set forth below shall apply in the event that the Developer sells, assigns, transfers or otherwise conveys the Property or any part thereof and/or any of its rights, benefits or obligations under this Agreement. Developer must provide the following:

(a) within 30 days after the effective date of any such sale, assignment, transfer, or other conveyance, the Developer must provide written notice of same to the City;

(b) the Notice must describe the extent to which any rights or benefits under this Agreement have been sold, assigned, transferred, or otherwise conveyed;

(c) the Notice must state the name, mailing address, and telephone contact information of the person(s) acquiring any rights or benefits as a result of any such sale, assignment, transfer, or other conveyance;

(d) the Notice must be signed by a duly authorized person representing the Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment transfer or other conveyance.

Section 15.11. No Joint Venture.

Nothing contained in this Agreement or any other agreement between the Developer and the City is intended by the Parties to create a partnership or joint venture between the Developer, on the one hand, and the City on the other hand and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other. Each Party shall be responsible for any and all suits, demands, costs or actions proximately resulting from its own individual acts or omissions.

Section 15.12. Estoppel Certificates. From time to time within fifteen (15) business days of a written request of the Developer or any future Developer, and upon the payment of a $100.00 fee to the City, the City Manager, or his/her designee is authorized, in his official capacity and to his reasonable knowledge and belief, to execute a written estoppel certificate in form approved by the City Attorney, identifying any obligations of a Developer under this Agreement that are in default. No other representations in the Estoppel shall be made by the City.

Section 15.13. Independence of Action.

It is understood and agreed by and among the Parties that in the design, construction and development of the Public Improvements and any of the related improvements described herein, and in the Parties' satisfaction of the terms and conditions of this Agreement, that each Party is acting independently, and the City assumes no responsibility or liability to any third parties in connection to the Developer's obligations hereunder.

Section 15.14. Limited Recourse.

No officer, director, employee, agent, attorney or representative of the Developer shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder. No elected official of the City and no agent, attorney or representative of the City shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder.

Section 15.15. Exhibits.

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 15.16. Survival of Covenants.

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

Section 15.17. No Acceleration.

All amounts due pursuant to this Agreement and any remedies under this Agreement are not subject to acceleration.

Section 15.18. Conditions Precedent.

This Agreement is expressly subject to, and the obligations of the Parties are conditioned upon the City levy of the Assessments and the issuance of the PID Bonds or approval of a Reimbursement Agreement.

Section 15.19. No Reduction of Assessments.

Following the issuance of each series of PID Bonds, the Developer agrees not to take any action or actions to reduce the total amount of the Assessments levied in payment of such PID Bonds. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

Section 15.20. Anti-Boycott Verification.

The Developer 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 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable 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 Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 15.21. Iran, Sudan and Foreign Terrorist Organizations

The Developer 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 Federal law and excludes the Developer 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 Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 15.22. Governing Law.

The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement and the Reimbursement Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

Section 15.23. Conflict.

In the event of any conflict between this Agreement and any Indenture authorizing the PID Bond, the Indenture controls. In the event of any conflict between this Agreement and the Reimbursement Agreement, the Reimbursement Agreement shall control, except that in all cases, Applicable Law shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CITY OF TOMBALL

By: _____
Name: ROBERT S. HAUCK
Title: City Manager

ATTEST:

_____
City Secretary

[SIGNATURES CONTINUE ON NEXT PAGE]

HT RABURN RESERVE DEVELOPMENT LP

By: HT Raburn Reserve Development LLC, its general partner

By: HT Raburn Reserve LP, its sole member

By: Hines Raburn Reserve LLC, its general partner

By: Hines Raburn Reserve Associates LP, its sole member

By: Hines Investment Management Holdings Limited Partnership, its general partner

By: HIMH GP LLC, its general partner

By: Hines Real Estate Holdings Limited Partnership, its sole member

By: JCH Investments, Inc., its general partner

By: _____

Name: Adil Noorani

Title: Senior Managing Director

STATE OF TEXAS
HARRIS COUNTY

This instrument was acknowledged before me on the 22 day of October, 2019 by Adil Nooraui Senior Managing Director of JCH Investments, Inc., general partner of Hines Real Estate Holdings Limited Partnership, sole member of HIMH GP, LLC, general partner of Hines Investment Management Holdings Limited Partnership, general partner of Hines Raburn Reserve Associates L.P., sole member of Hines Raburn Reserve, LLC, general partner of HT Raburn Reserve, LP, sole member of HT Raburn Reserve Development, LLC, general partner of HT Raburn Reserve Development, L.P., on behalf of such limited partnershio.

TIFFANY CATALANO
Notary Public, State of Texas
Comm. Expires 04-01-2021
Notary ID 129370759

Notary Public, State of Texas

EXHIBIT A

PROPERTY DESCRIPTION DEPICTION

DESCRIPTION
TRACT I

39.4982 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 355, 356, 358, 359, 361, 362, 363 and 364 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 39.4982 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a PK Nail set in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of that certain Outlot 366 of said Corrected Map of Tomball Outlots and the Southwesterly corner of said Outlot 363;

Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 1,480.41 feet to a PK Nail set at the intersection with the Southerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northwesterly corner of said Outlot 355;

Thence, N 87°44'47" E, along the Southerly right-of-way line of said Sutton Lane, a distance of 1,160.10 feet to a 5/8 inch iron rod with cap set at the intersection with the Westerly right-of-way line of a 30 foot Unimproved right-of-way as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 356;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said 30 foot Unimproved right-of-way, a distance of 1,482.67 feet to a 5/8 inch iron rod with cap set for the Southeasterly corner of said Outlot 364 and the Northeasterly corner of that certain Outlot 367 of said Corrected Map of Tomball Outlots, from which a found 1/2 inch iron pipe bears N 87°51'27" E, 30.70 feet;

Thence, S 87°51'27" W, along the Northerly line of said Outlot 366 and 367, a distance of 1,162.57 feet to the POINT OF BEGINNING and containing 39.4982 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.
TEXAS FIRM REGISTRATION NO. 10030400

By: _____



Date: November 4, 2018
Job No: 18-102-00
Dwg No: HSC 03137-E
File No: A18-102.00D
Dwg. File: 1810200.dwg

SWIG PID Petition
#6004568.1
015363.000004\4852-8538-6909.v2

DocuSign Envelope ID: [illegible] SCRIPTION Exhibit "A"

TRACT 2

4.9530 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being that certain Outlot 365 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 4.9530 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of a 30 foot Unimproved right-of-way as shown on said Corrected Map of Tomball Outlots, for the Northwesterly corner of that certain called 10.27 acres of land described in deed and recorded in the Official Public Records of Real Property of Harris County, Texas, under County Clerk's File Number G259047, the Southwesterly corner of said Outlot 365 and the Northwesterly corner of that certain Outlot 368 of said Corrected Map of Tomball Outlots;

Thence, N 02°32'22" W, along the Easterly right-of-way line of said 30 foot Unimproved right-of-way, a distance of 396.79 feet to a 5/8 inch iron rod with cap found for the Southwesterly corner of that certain Reserve "B" of the Final Plat of Calvary Baptist of Tomball Subdivision, a subdivision as shown on map or plat recorded under Film Code Number 520133 of the Map Records of Harris County, Texas and the Northwesterly corner of said Outlot 365;

Thence, N 87°15'10" E, along the Southerly line of said Reserve "B", a distance of 542.96 feet to a 5/8 inch iron rod with cap found for the Northwesterly corner of that certain Reserve "C" of said Final Plat of Calvary Baptist of Tomball Subdivision and the Northeasterly corner of said Outlot 365;

Thence, S 02°32'04" E, along the Westerly line of said Reserve "C", a distance of 397.96 feet to a 1/2 inch iron rod found for the most Northerly Northeast corner of said 10.27 acre tract and the Northeasterly corner of said Outlot 368;

Thence, S 87°22'37" W, along the Northerly line of said 10.27 acre tract and the Northerly line of said Outlot 368, a distance of 542.93 feet to the POINT OF BEGINNING and containing 4.9530 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.
TEXAS FIRM REGISTRATION NO. 10030400

By: _____

HARRY H. HOVIS IV
4827

Date: November 4, 2018
Job No: 18-102-00
Dwg No: HSC 03137-E
File No: B18-102.00D
Dwg. File: 1810200.dwg

DESCRIPTION
TRACT 3

4.1376 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being a portion of that certain Outlot 354 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 4.1376 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8 inch iron rod found in the Easterly right-of-way line of a 30 foot Unimproved right-of-way as shown on said Corrected Map of Tomball Outlots, for the Southwesterly corner of that certain Tract C of Truss Houston, Inc., a subdivision as shown on map or plat recorded under Volume 335, Page 107 of the Map Records of Harris County, Texas and the Northwesterly corner of said Outlot 354, from which a found 1/2 inch iron rod bears S 87°47'53" W, 0.72 feet;

Thence, N 87°47'53" E, along the Southerly line of said Tract C, a distance of 478.88 feet to a 5/8 inch iron rod with cap found in the Westerly right-of-way line of Huffsmith Kohrville Road (right-of-way width varies);

Thence, S 02°08'45" E, along the Westerly right-of-way line of said Huffsmith Kohrville Road, a distance of 375.13 feet to a 1 inch iron rod found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod with cap bears N 61°10'47" W, 0.87 feet;

Thence, S 87°15'14" W, along the Northerly right-of-way line of said Sutton Lane, a distance of 476.29 feet to a 5/8 inch iron rod with cap set at the intersection with the Easterly right-of-way line of said 30 foot Unimproved right-of-way, for the Southwesterly corner of said Outlot 354, from which a found 1/2 inch iron rod bears N 87°15'14" E, 1.33 feet;

Thence, N 02°32'22" W, along the Easterly right-of-way line of said 30 foot Unimproved right-of-way, a distance of 379.66 feet to the POINT OF BEGINNING and containing 4.1376 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.
TEXAS FIRM REGISTRATION NO. 10030400

By: _____

Date: November 4, 2018
Job No: 18-102-00
Dwg No: HSC 03137-E
File No: C18-102.00D
Dwg. File: 1810200.dwg

SWIG PID Petition
#6004568.1
015363.000004\4852-8538-6909.v2

Exhibit "A"

DESCRIPTION
TRACT 4

55.1226 acres of land situated in the Jesse Pruitt Survey, Abstract Number 629, City of Tomball, Harris County, Texas, being those certain Outlots 338, 339, 341, 342, 343, 344, 346, 349, 350, 352 and 353 of the Corrected Map of Tomball Outlots, a subdivision as shown on map or plat recorded under Volume 4, Page 75 of the Map Records of Harris County, Texas, said 55.1226 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod found in the Easterly right-of-way line of South Persimmon Road (30 foot right-of-way), for the Northwesterly corner of said Outlot 338;

Thence, N 87°35'04" E, along the Southerly line of that certain Lot 1 of Persimmon Properties, a subdivision as shown on map or plat recorded under Film Code Number 679815 of the Map Records of Harris County, Texas, a distance of 1,156.29 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of a Unimproved right-of-way (variable width right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Northeasterly corner of said Outlot 339, from which a found 5/8 inch iron rod with cap bears N 49°09'38" W, 3.69 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 1,132.81 feet to a 5/8 inch iron rod with cap set for the Northeasterly corner of that certain Outlot 347 of said Corrected Map of Tomball Outlots, from which a found 5/8 inch iron rod bears S 87°44'47" W, 6.90 feet;

Thence, S 87°44'47" W, along the common line of said Outlots 344 and 347, a distance of 584.30 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 343, 344, 346 and 347;

Thence, S 02°18'20" E, along the common line of said Outlots 346 and 347, a distance of 377.60 feet to a 5/8 inch iron rod with cap set for the common corner of said Outlots 346, 347, 349 and 350;

Thence, N 87°44'47" E, along the common line of said Outlots 347 and 350, a distance of 585.84 feet to a 5/8 inch iron rod with cap set in the Westerly right-of-way line of said Unimproved right-of-way, for the Southeasterly corner of said Outlot 347, from which a found 5/8 inch iron rod bears S 87°44'47" W, 4.31 feet;

Thence, S 02°32'22" E, along the Westerly right-of-way line of said Unimproved right-of-way, a distance of 755.21 feet to a 5/8 inch iron rod with cap found at the intersection with the Northerly right-of-way line of Sutton Lane (30 foot Unimproved right-of-way) as shown on said Corrected Map of Tomball Outlots, for the Southeasterly corner of said Outlot 353, from which a found 5/8 inch iron rod bears N 57°57'42" W, 2.35 feet;

Thence, S 87°44'47" W, along the Northerly right-of-way line of said Sutton Lane, a distance of 1,160.05 feet to a PK Nail set at the intersection with the Easterly right-of-way line of said South Persimmon Road, for the Southwesterly corner of said Outlot 352;

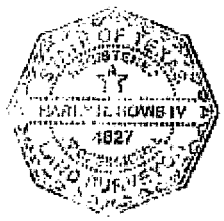
Thence, N 02°26'40" W, along the Easterly right-of-way line of said South Persimmon Road, a distance of 2,262.34 feet to the POINT OF BEGINNING and containing 55.1226 acres of land.

BEARING ORIENTATION BASED ON TEXAS STATE PLANE COORDINATE GRID SYSTEM OF 1983 (SOUTH CENTRAL ZONE NO. 4204).

TRACT BEING SHOWN ON MAP (SEE HSC 03137-E)

HOVIS SURVEYING COMPANY, INC.
TEXAS FIRM REGISTRATION NO. 10030400

By: _____



Date: November 4, 2018
Job No: 18-102-00
Dwg No: HSC 03137-E
File No: D18-102.00D
Dwg. File: 1810200.dwg


Weirich Ln
Mataffey Rd
Medical Complex Dr
Agg Rd

EXHIBIT B

PLANNED DEVELOPMENT - 12

[See attached]

EXHIBIT C

PUBLIC IMPROVEMENTS AND PROJECT COSTS

	BUDGET ITEM	PHASE 1	PHASE 2	PHASE 3	TOTAL
1	Cleaning, Grubbing, and Site Prep	235,500.00	113,000.00	141,000.00	$489,500.00
2	Water Distribution System	227,660.00	176,330.00	151,385.00	$555,375.00
3	Wastewater Collection System	422,620.00	388,180.00	300,820.00	$1,111,620.00
4	Storm Water Collection System (On-site)	834,180.00	312,530.00	142,080.00	$1,288,790.00
5	Storm Water Collection System (Off-site)	582,040.00			$582,040.00
6	Excavation and Paving	1,691,905.00	1,262,700.00	1,140,440.00	$4,095,045.00
7	Construction Staking Services (2.5%	99,847.63	56,318.50	46,893.13	$203,059.26
	Sub-Total Construction Cost	**4,093,752.63**	**2,309,058.50**	**1,922,618.13**	**8,325,429.26**
	Contingencies (10%)	409,375.26	230,905.85	192,261.81	832,542.93
	TOTAL CONSTRUCTION COSTS	**4,503,127.89**	**2,539,964.35**	**2,114,879.94**	**9,157,972.19**
	Drainage Impact Fees ($5,750/Acre)	224,250.00	169,625.00	202,400.00	$596,275.00
	Engineering Fees (14%)	630,437.90	355,595.01	296,083.19	$1,282,116.10
	Storm Water Pollution Prevention Plan (2.5%)	112,578.20	63,499.11	52,872.00	$228,949.31
	Geotechnical Eng. & Construction Materials Testing (2.5%	112,578.20	63,499.11	52,872.00	$228,949.31
	Sub-Total Impact Fees, Eng., SWPPP, Geotech. Eng. & Const. Materials Testing Fees	**1,079,844.30**	**652,218.23**	**604,227.19**	**2,336,289.72**
	TOTAL PRELIMINARY CONSTRUCTION COST ESTIMATE	**5,582,972.19**	**3,192,182.58**	**2,719,107.13**	**11,494,261.91**

Costs are estimates and final costs of the Public Improvements shall be as set forth in the applicable Service and Assessment Plan. The Service and Assessment Plan will also include costs of issuance for the PID Bonds.

EXHIBIT D

RESERVED

EXHIBIT E

LANDOWNER CONSENT

CONSENT AND AGREEMENT OF LANDOWNERS

This Consent and Agreement of Landowner is issued by _____, A Texas limited partnership, as the landowner (the "Landowner") who collectively hold record title to all property located within the [_____ Public Improvement District] (the "PID") created by the City of Tomball pursuant to a petition of Landowner. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City's ordinance levying assessments on property within the PID, dated _____, 2019, including the Service and Assessment Plan and Assessment Rolls attached thereto (the "Assessment Ordinance"). [TO BE EXECUTED PRIOR TO THE LEVY OF ASSESSMENTS FOR EACH SERIES OF BONDS WITH EACH PID]

Landowner hereby declare and confirm that they collectively hold record title to all property in the PID which are subject to the Assessment Ordinances, as set forth on Exhibit A. Further, Landowner hereby ratify, declare, consent to, affirm, agree to and confirm each of the following:

1. The creation and boundaries of the PID, the boundaries of each Assessed Property, and the Authorized Improvements for which the Assessments are being made, as set forth in the Service and Assessment Plan.

2. The determinations and findings as to benefits by the City in the Assessment Ordinance and the Service and Assessment Plan.

3. The Assessment Ordinance and the Service and Assessment Plan and Assessment Roll.

4. The right, power and authority of the City Council to adopt the Assessment Ordinances and the Service and Assessment Plans and Assessment Roll;

5. Each Assessment levied on each Assessed Property as shown in the Service and Assessment Plan (including interest and Administrative Expenses as identified in the Service and Assessment Plan and as updated from time to time as set forth in the Service and Assessment Plan).

6. The Authorized Improvements specially benefit the Assessed Property in an amount in excess of the Assessment levied on each Assessed Property, as such Assessments are shown on the Assessment Roll.

7. Each Assessment is final, conclusive and binding upon such Landowners, regardless of whether such Landowners may be required to pay Assessments under certain circumstances pursuant to the Service and Assessment Plan.

8. The then-current owner of each Assessed Property shall pay the Assessment levied on the Assessed Property owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Assessment Ordinance.

9. Delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act.

10. The "Annual Installments" of the Assessments may be adjusted, decreased and extended in accordance with the Service and Assessment Plan, and the then-current owner of each Assessed Property shall be obligated to pay its revised amounts of the Annual Installments, when due, and without the necessity of further action, assessments or reassessments by the City.

11. All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowners hereby waive any notice requirements and consents to all actions taken by the City with respect to the creation of the PID and the levy of the Assessments.

12. That the resolution creating the PID, the Ordinance levying the Assessments, the Service and Assessment Plan and a Notice of Creation of Special Assessment District and Imposition of Special Assessment to be provided by the City, shall be filed in the records of the County Clerk of Harris County, with copies of the recorded documents delivered to the City promptly after receipt thereof by the recording party, as a lien and encumbrance against the Assessed Property.

13. Each Assessed Property owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll are wholly within the boundaries of the PID.

14. There are no Parcels owned by the Landowners within the boundaries of the PID that are not identified in the Service and Assessment Plan and the Assessment Roll.

15. Each Parcel owned by the Landowners identified in the Service and Assessment Plan and Assessment Roll against which no Assessment has been levied was Non-Benefited Property as of _____, 2019.

Originals and Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

[Execution page follows]

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of _____, 2019.

_____, **LP**,
a Texas limited partnership

By:

By:

By: _____
Name:
Its

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of _____, 20____ by _____, as, a Texas limited liability company on behalf of said company.

_____
Notary Public, State of Texas

Exhibit E-3

EXHIBIT F

FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. _____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of _____ (the "Indenture") relating to the "City of Tomball, Texas, Special Assessment Revenue Bonds, Series 20__ (_____ Public Improvement District Project)" (the "Bonds"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the _____, LP Texas limited partnership (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Public Improvement Account of the Project Fund

_____ the Developer Improvement Account of the Project Fund

from The Bank of New York Mellon Trust Company, N.A., (the "Trustee"), in the amount of _____ ($_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Public Improvements providing a special benefit to property within the _____ Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The itemized payment requested for the below referenced Public Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.

3. The itemized amounts listed for the Public Improvements below is a true and accurate representation of the Public Improvements associated with the creation, acquisition, or construction of said Public Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. The Developer has timely paid all ad valorem taxes and Annual Installments of Public Assessments it owes or an entity the Developer controls owes, located in the _____ Public Improvement District and has no outstanding delinquencies for such Public Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Public Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Public Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

9. No more than ninety percent (90%) of the budgeted or contracted costs for the Public Improvements identified may be paid until the work with respect to such Public Improvements (or segment) has been completed and the City has accepted such Public Improvements (or segment).

Payments requested are as follows:

Payee / Description of Public Improvement	Total Cost Public Improvement	Budgeted Cost of Public Improvement	Amount requested be paid from the Public Improvement Account	Amount requested to be paid from the Developer Improvement Account

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

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

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.

b. Payment instructions

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

_____, LP.,
a Texas limited partnership

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Public Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account	Amount to be paid by Trustee from Developer Improvement Account
$_____	$_____	$_____

CITY OF TOMBALL, TEXAS

By:_____

Name: _____

Title: _____

Date: _____

EXHIBIT G

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____, LP, (the "Developer") and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Improvement Account of the Project Fund] from _____, (the "Trustee") in the amount of _____DOLLARS ($_____) for costs incurred in the establishment, administration, and operation of the _____Public Improvement District (the "District"), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

c. X amount to Person or Account Y for Z goods or services.

d. Payment instructions

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

_____, P, a Texas limited partnership

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount to be paid by Trustee from Improvement Account
$_____	$_____	$_____

CITY OF TOMBALL, TEXAS

By:_____
Name: _____
Title: _____

Date: _____

Exhibit G-3

EXHIBIT H

HOME BUYER DISCLOSURE PROGRAM

The Assessment Company (as defined in the Service and Assessment Plan) for the _____ Public Improvement District (the "PID") shall facilitate notice to prospective homebuyers in accordance with the following minimum requirements:

1. Record notice of the PID in the appropriate land records for the Property.

2. Require homebuilders to attach the Recorded Notice of the Authorization and Establishment of the PID and the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each residential homebuyer's contract on brightly colored paper.

3. Collect a copy of the addendum signed by each buyer from homebuilders and provide to the City.

4. Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places in all model homes.

5. Prepare and provide to homebuilders an overview of the existence and effect of the PID for those homebuilders to include in each sales packet of information that it provides to prospective homebuyers.

6. Notify homebuilders who estimate monthly ownership costs of the requirement that they must include special assessments in estimated Property taxes.

7. Notify Settlement Companies through the homebuilders that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.

8. Include notice of the PID in the homeowner association documents in conspicuous bold font.

The Developer and the Assessment Company shall regularly monitor the implementation of this disclosure program and shall take appropriate action to require these notices to be provided when one of them discovers that any requirement is not being complied with.

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of _____, 2019.

CITY OF TOMBALL

By:_____
Name:_____
Title: City Manager

ATTEST:

_____
City Secretary

Exhibit H-2

EXHIBIT I

DEVELOPMENT PHASES

FIRST AMENDMENT TO RABURN RESERVE DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO RABURN RESERVE DEVELOPMENT AGREEMENT (this "First Amendment") is made by and between the City of Tomball, Texas, a Texas home-rule municipality (the "City") and HT Raburn Reserve Development L.P., a Texas limited partnership (the "Developer") to be effective June 15, 2020 (the "Effective Date").

RECITALS:

WHEREAS, the City and Developer are sometimes individually referred to as a "Party" and collectively as the "Parties"; and

WHEREAS, the City and the Developer entered into that certain Raburn Reserve Development Agreement (the "Agreement") relating to the development of certain real property within the corporate limits of the City; and

WHEREAS, the recitals contained in this First Amendment: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this First Amendment; and (c) reflect the final intent of the Parties with regard to the subject matter of this First Amendment; and

WHEREAS, the Parties acknowledge and agree that, except to the extent amended herein, all provisions and terms contained in the Agreement remain in full force and effect; and

WHEREAS, the City Council passed and approved the Agreement on October 7, 2019; and

WHEREAS, the Parties desire to amend the Agreement again as set forth herein; and

NOW, THEREFORE, for and in consideration of the mutual covenants of the Parties set forth in this First Amendment, and for good and valuable consideration the receipt and adequacy of which are acknowledged and agreed, the Parties agree as follows:

1. Defined Terms. All capitalized terms used in this First Amendment, to the extent not otherwise expressly defined herein, shall have the meanings ascribed to them in the Agreement.

2. Amendment to Definition of Public Improvement Financing Date. The definition of Phase A Public Improvement Financing Date on Page 5 of the Agreement shall be amended again to read as follows:

"Phase A Public Improvement Financing Date" means the date the City approves a bond purchase agreement and sells the first series of PID Bonds for Phase A of the Property, such date to be no later than November 1, 2020 for Phase A, which date may be extended by written agreement of the Developer and the City."

3. Miscellaneous.

(a) This First Amendment amends the Agreement in no other manner except as expressly set forth herein. Except as amended herein, the terms, provisions, agreements, covenants and conditions of the Agreement shall continue in full force and effect. In the event of a conflict between this First Amendment and the Agreement, the terms of this First Amendment shall control.

(b) This First Amendment together with the Agreement shall constitute the entire agreement between the Parties and supersedes all prior agreements and understandings, whether oral or written, concerning the subject matter of this First Amendment and the Agreement. This First Amendment and the Agreement shall not be modified or amended except in writing signed by the Parties.

(c) If any provision of this First Amendment is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this First Amendment; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the Parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this First Amendment shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

(d) This First Amendment may be executed in one (1) or more counterparts, each of which when taken together shall constitute one and the same instrument.

(e) The City represents and warrants that the individual executing this First Amendment on behalf of the City has been duly authorized to do so. Developer represents and warrants that this First Amendment has been approved by appropriate action of Developer, and that each individual executing this First Amendment on behalf of Developer has been duly authorized to do so.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the Effective Date.

HT RABURN RESERVE DEVELOPMENT LP

By: HT Raburn Reserve Development LLC, its general partner

By: HT Raburn Reserve LP, its sole member

By: Hines Raburn Reserve LLC, its general partner

By: Hines Raburn Reserve Associates LP, its sole member

By: Hines Investment Management Holdings Limited Partnership, its general partner

By: HIMH GP LLC, its general partner

By: Hines Real Estate Holdings Limited Partnership, its sole member

By: JCH Investments, Inc., its general partner

By: _____

Name: Adil Noorani

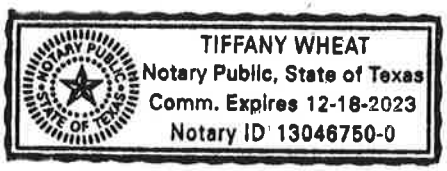
Title: Senior Managing Director

STATE OF TEXAS §

§

COUNTY OF Harris §

This instrument was acknowledged before me on the 21 day of August, 2020 by Adil Noorani, as Senior Managing Director, a Texas partnership on behalf of said company.



Notary Public, State of Texas

[SEAL]

STATE OF TEXAS §

§

COUNTY OF Harris §

This instrument was acknowledged before me on the 25 day of August, 2020 by Robert S Hauck, as City Manager, a Texas partnership on behalf of said company.

TRACYLYNN GARCIA
Notary Public, State of Texas
Comm. Expires 12-05-2021
Notary ID 12964485-7

Tracylynn Garcia
Notary Public, State of Texas

CITY OF TOMBALL

By: Robert S Hauck
Name: ROBERT S. HAUCK
Title: City Manager

ATTEST:

Nina Speer
City Secretary

APPENDIX H

FORM OF REIMBURSEMENT AGREEMENT

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

RABURN RESERVE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 REIMBURSEMENT AGREEMENT

This Raburn Reserve Public Improvement District Improvement Area #1 Reimbursement Agreement (this "Reimbursement Agreement") is executed by and among the City of Aubrey, Texas (the "City") and HT Raburn Reserve Development L.P. a Texas limited partnership, a Texas limited liability company (the "Developer") (individually referred to as a "Party" and collectively as the "Parties") to be effective September 21, 2020 (the "Effective Date").

RECITALS

WHEREAS, capitalized terms used in this Reimbursement Agreement shall have the meanings given to them in this Reimbursement Agreement or in the *Raburn Reserve Public Improvement District Service and Assessment Plan*, dated the Effective Date hereof, as the same may be amended, supplemented, and updated from time to time (the "SAP") approved on the Effective Date hereof; and

WHEREAS, on November 4, 2019 the City Council passed and approved a resolution amending and restating the resolution creating the Raburn Reserve Public Improvement District (the "District") covering approximately 105 acres of land described by metes and bounds in said Resolution (the "District Property"); and

WHEREAS, the purpose of the District is to finance public improvements (the "Authorized Improvements") as provided by Chapter 372, Texas Local Government Code, as amended (the "PID Act") that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

WHEREAS, the District Property is being developed in accordance with that certain "Raburn Reserve Development Agreement," executed by and between the Developer, and the City effective December 7, 2019, as amended by that certain "First Amendment to Raburn Reserve Development Agreement," executed by and between the Developer and the City effective June 15, 2020 (together, the "Development Agreement"); and

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

WHEREAS, Improvement Area #1 Improvements (as defined in the SAP) are to be constructed to serve Improvement Area #1 of the District Property, as described and depicted in the SAP and

WHEREAS, the City Council intends to pass and approve an Ordinance (the "Assessment Ordinance") on the Effective Date hereof, which, among other things, approves the SAP (including the Improvement Area #1 Assessment Roll), levies assessments on property within Improvement Area #1 of the District (the "Assessments"), and establishes the dates upon which interest on assessments will begin to accrue and collection of Assessments will begin; and

WHEREAS, the SAP established $5,941,066 as the cost of the Improvement Area #1 Improvements (plus financing costs as set forth in the SAP) to be assessed against Improvement Area #1 of the District Property (the "Improvement Area #1 Improvements Costs"); and

WHEREAS, the SAP allocated the Improvement Area #1 Improvements Costs to Improvement Area #1 of the District Property, and the SAP contemplated the allocation of the Improvement Area #1 Improvements Costs among the single family residential lots to be created from the subdivision of the District Property; and

WHEREAS, the Assessments will be reflected on the Improvement Area #1 Assessment Roll as approved by the City Council; and

WHEREAS, the SAP and the Assessment Ordinance provide, in part, that an Assessment or Assessments may be paid in full at any time, and if an Assessment is not paid in full, it shall be due and payable in Annual Installments plus interest for a period of 30 years or until the Assessment is paid in full; and

WHEREAS, all revenue received and collected by the City from the collection of the Assessments and Annual Installments (excluding Delinquent Collection Costs and Administrative Expenses) (the "Improvement Area #1 Assessment Revenue") shall be deposited first for the payment of debt service on the City of Tomball, Texas Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1 Project) and second, into an assessment fund that is segregated from all other funds of the City (the "Improvement Area #1 Reimbursement Fund"); and

WHEREAS, the Improvement Area #1 Assessment Revenue deposited into the Improvement Area #1 Reimbursement Fund shall be used to reimburse Developer and its assigns for the Improvement Area #1 Improvements Costs advanced in a principal amount not to exceed $1,815,000, plus interest as set forth herein; and

WHEREAS, the obligations of the City to use the Assessments hereunder is authorized by the PID Act; and

WHEREAS, at the discretion of the City and in accordance with the Development Agreement, prior to or contemporaneously with the issuance of any Future Improvement Area #1 Bonds (as defined herein), the Developer and City may amend this Agreement and the Development Agreement as determined necessary by City's bond counsel for issuance of any such bonds, for compliance with applicable law and for compliance with the obligations of the parties under this Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS OF THE PARTIES SET FORTH IN THIS REIMBURSEMENT AGREEMENT AND FOR VALUABLE CONSIDERATION THE RECEIPT AND

ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. The recitals in the "WHEREAS" clauses of this Reimbursement Agreement are true and correct, create obligations of the Parties, and are incorporated as part of this Reimbursement Agreement for all purposes.

2. Strictly subject to the terms, conditions, and requirements and solely from the revenues as herein provided and in accordance with the Development Agreement, the City agrees to pay the Developer and the Developer shall be entitled to receive from the City, the amount equal to the actual costs of the Improvement Area #1 Improvements paid by the Developer as set forth in the SAP, in accordance with the terms of this Reimbursement Agreement, in a principal amount not to exceed $1,690,000 (the "Reimbursement Amount"), plus interest accrued, as provided in Section 2(a) below. The City hereby covenants to create, concurrently with the execution of this Reimbursement Agreement, a separate fund to be designated the "Improvement Area #1 Reimbursement Fund." The Reimbursement Amount is payable from Improvement Area #1 Assessment Revenue to be deposited in the Improvement Area #1 Reimbursement Fund as described below and in accordance with the Development Agreement:

    a. The Reimbursement Amount is payable solely from: (i) the Improvement Area #1 Assessment Revenue received and collected by the City and deposited into the Improvement Area #1 Reimbursement Fund after the payment of debt service on the City of Tomball, Special Assessment Revenue Bonds, Series 2020 (Raburn Reserve Public Improvement District Improvement Area #1 Project) (the "2020 Bonds"); (ii) the net proceeds (after funding reserve funds, payment of costs of issuance, including the costs paid or incurred by the City and City Administrative Expenses) of one or more series of bonds (the "Future Improvement Area #1 Bonds") issued by the City to fund the Reimbursement Amount in accordance with the terms of the Development Agreement and secured by the Improvement Area #1 Assessment Revenue; or (iii) a combination of items (i) and (ii) immediately above. The Improvement Area #1 Assessment Revenue shall be received, collected and deposited into the Improvement Area #1 Reimbursement Fund subject to the following limitations:

        i. Calculation of the Improvement Area #1 Assessments and the first Annual Installment for a Lot or Parcel shall begin as provided in the SAP.

        ii. The Improvement Area #1 Assessments collected for the Reimbursement Amount shall accrue simple interest annually at the rates set forth in the SAP, such rates to be in compliance with Subsections 372.023(e)(1) and (e)(2) of the PID Act. Interest shall continue on the unpaid principal amount of the Improvement Area #1 Assessments as set forth in the SAP

until the earlier of (i) the expiration of the term set forth in the SAP, or (ii) the issuance of Future Improvement Area #1 Bonds to fund the Reimbursement Amount, as reduced by annual payments made pursuant to (iv) below.

iii. Improvement Area #1 Assessment Revenue dedicated to the payment of the Reimbursement Amount and interest thereon, shall be deposited into the Improvement Area #1 Reimbursement Fund after the payment of debt service on the outstanding 2020 Bonds.

iv. The Developer shall receive the Unpaid Balance in annual installments as set forth in the SAP and in Section 3 below from the Improvement Area #1 Reimbursement Fund, for the time period set forth in the SAP or until Future Improvement Area #1 Bonds are issued, and as allowed under Section 2(a) above.

3. The Reimbursement Amount, plus the interest as described in above, are collectively, the "Unpaid Balance." The Unpaid Balance is secured by and payable solely from Improvement Area #1 Assessment Revenue received and collected by the City for such purpose and deposited into the Improvement Area #1 Reimbursement Fund subject to Section 3(a)(iii), and Section 5 herein. No other City funds, revenue, taxes, or income of any kind shall be used to pay the Unpaid Balance, even if the Unpaid Balance is not paid in full by the term of this Agreement, as set forth herein. Payment of Improvement Area #1 Assessment Revenue from the Improvement Area #1 Reimbursement Fund after the payment of debt service on the 2020 Bonds, shall be made annually to the Developer subject to the term of this Reimbursement Agreement as set forth in Section 21. The outstanding Unpaid Balance and the Reimbursement Amount shall be reduced by the amount of each annual payment to the Developer from the Improvement Area #1 Reimbursement Fund.

4. This Reimbursement Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than Improvement Area #1 Assessment Revenue received, collected and deposited into the Improvement Area #1 Reimbursement Fund. The City covenants that it will comply with the provisions of this Reimbursement Agreement, the Development Agreement, and the PID Act, including provisions relating to the administration of the District and the enforcement and collection of assessments, and all other covenants provided therein. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Improvement Area #1 Assessment Revenue or does not receive an amount in excess of the annual debt service due on the 2020 Bonds, and, as a result, is unable to make transfers from the Improvement Area #1 Assessment Revenue Fund for payments to the Developer as

required under this Reimbursement Agreement, such failure and inability shall not constitute a Failure or Default by the City under this Reimbursement Agreement.

5. If Future Improvement Area #1 Bonds are issued to fund the Reimbursement Amount, the net proceeds of such Future Improvement Area #1 Bonds shall be used to pay the outstanding Reimbursement Amount, as reduced by payments made pursuant to Section 3 herein, due to the Developer under this Reimbursement Agreement for the costs of Improvement Area #1 Improvements as set forth in the SAP. However, no Future Improvement Area #1 Bonds shall be issued unless the funds necessary to complete the Improvement Area #1 Improvements are deposited with the net proceeds of the Improvement Area #1 Bonds on the closing date of the Future Improvement Area #1 Bonds, or alternately, the Improvement Area #1 Improvements are already complete and accepted by the City at the time Future Improvement Area #1 Bonds are issued. The Reimbursement Agreement shall terminate on the earlier of (i) the payment of amounts due pursuant to this Agreement, (ii) the issuance of the Future Improvement Area #1 Bonds to fund the Reimbursement Amount as reduced by payments made pursuant to Section 3 herein, (iii) the expiration of the Assessments as set forth in the SAP, or (iv) termination of this Agreement pursuant to an Event of Default herein or under the Development Agreement. Notwithstanding the foregoing, the Developer shall only be entitled to repayment of the costs of the Improvement Area #1 Improvements as set forth in the SAP. If completion of the Improvement Area #1 Improvements is less than the amounts set forth in the SAP, the Developer shall not be entitled to such excess amounts. The Developer represents and warrants that it will not request payment with respect to any Improvement Area #1 Improvement that is not part of the Improvement Area #1 Improvements identified in the SAP and it will follow all procedures set forth in the Development Agreement with respect to certification for payments, including for payments of the Unpaid Balance from the Improvement Area #1 Reimbursement Fund. It is the City's current intent to issue the Future Improvement Area #1 Bonds to fund the Reimbursement Amount simultaneously with the issuance of bonds to fund improvements within a future phase of development within the District. Notwithstanding, the issuance of such Future Improvement Area #1 Bonds is solely within the discretion of the City.

6. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with written notice to) the City, the Developer's right, title, or interest in the revenue streams identified in this Reimbursement Agreement including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance (any of the foregoing, a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). Notwithstanding the foregoing, however, no Transfer shall be effective until five days after Developer's written notice of the Transfer is received by the City, including for each Transferee the

information required by Section 9 below. The City may rely on any notice of a Transfer received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice. The City shall not be required to make payments pursuant to this Reimbursement Agreement to more than two parties.

7. The obligations of the City under this Reimbursement Agreement are non-recourse and payable only from the Improvement Area #1 Reimbursement Fund and such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. None of the City or any of its elected or appointed officials or any of its officers or employees shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omissions under this Reimbursement Agreement.

8. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may otherwise have outside this Reimbursement Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction or installation of the Improvement Area #1 Improvements. The obligations of Developer hereunder shall be those as a Party hereto and not solely as an owner of property in the District. Nothing herein shall be constructed, nor is intended, to affect the City's or Developer's rights and duties to perform their respective obligations under other agreements, regulations and ordinances.

9. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, exclusive venue for such dispute shall lie in any court of competent jurisdiction in Harris County, Texas.

10. Any notice required or contemplated by this Reimbursement Agreement shall be signed by or on behalf of the Party giving the Notice, and shall be deemed effective as follows: (i) when delivered by a national company such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person was the named addressee; or (ii) 72 hours after the notice was deposited with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change

its address by delivering written notice of such change in accordance with this section. All Notices given pursuant to this Section shall be addressed as follows:

To the City:	City Manager 401 Market Street Tomball, TX 77375
With a copy to:	Attn: City Attorney Olson & Olson, LLP 2727 Allen Parkway, Suite 600 Houston, TX 77019
To the Developer:	Attn: Brian Stidham Hines Acquisitions LLC 609 Main Street, Suite 2400 Houston, Texas 77002
With a copy to:	c/o HT Raburn Reserve Development L.P. Attn: Corporate Counsel 609 Main Street, Suite 2400 Houston, Texas 77002

11. Notwithstanding anything herein to the contrary, nothing herein shall otherwise authorize or permit the use by the City of the Improvement Area #1 Assessments contrary to the provisions of the PID Act.

12. Remedies:

    a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a "Failure") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute an "Event of Default." Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party and all Transferees of the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least 30 days from receipt of the notice within which to cure the Failure; however, if the Failure cannot reasonably be cured within 30 days and the non-performing Party has diligently pursued a cure within such 30-day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional 30 day period so long as the non-performing Party cures such default within 90 days. Any Transferee shall have the same rights as the Developer to enforce the obligations of the City under this Reimbursement Agreement and shall also have

the right, but not the obligation, to cure any alleged Failure by the Developer within the same time periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer.

b. Notwithstanding the foregoing, the following are Events of Default under this Agreement:

i. The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement.

ii. The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure such failure within ninety (90) days after written notice thereof is given by the City to the Developer;

iii. The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

iv. The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

v. The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days; OR

vi. The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID, if such failure is not cured within thirty (30) days.

vii. A Developer event of default under the Development Agreement.

viii. The Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

c. If the City is in Default, the Developer's sole and exclusive remedies shall be to: (1) seek a writ of mandamus to compel performance by the City; or (2) seek specific enforcement of this Reimbursement Agreement

d. If the Developer is in Default, the City may pursue any legal or equitable remedy or remedies, including, without limitation, actual damages, and termination of this

Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

e. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

f. The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

13. The Developer shall assume the defense of, and indemnify and hold harmless the City's inspector, the City employees, officials, officers, representative and agents of the City and each of them (each an "Indemnified Party") from and against, all actions, damages, claims, loses or expense of every type and description to which they may be subject or put, by reason of, or resulting from the breach of any provisions of this Reimbursement Agreement by the Developer, the Developer's nonpayment under contracts between the Developer and its consultants, engineers, advisors, contractors, subcontractors and suppliers in the provision of the Improvement Area #1 Improvements constructed by Developer, or any claims by persons employed by the Developer relating to the construction of such projects. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable to the willful misconduct or gross negligence of any Indemnified Party. The City does not waive its defenses and immunities, whether governmental, sovereign, official or otherwise and nothing in this Reimbursement Agreement is intended to or shall confer any right or interest in any person not a party hereto.

14. To the extent there is a conflict between this Reimbursement Agreement and an indenture securing the Future Improvement Area #1 Bonds issued to fund the Reimbursement

Amount, the indenture securing such Future Improvement Area #1 Bonds shall control as the provisions relate to the Improvement Area #1 Assessments.

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

16. The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Developer to enforce its remedies under this Reimbursement Agreement.

17. Nothing in this Reimbursement Agreement, express or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer and its assigns any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the City and the Developer.

18. The City represents and warrants that this Reimbursement Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Reimbursement Agreement on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this Reimbursement Agreement has been approved by appropriate action of the Developer, and that the individual executing this Reimbursement Agreement on behalf of the Developer has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Reimbursement Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions and to the extent provided by law.

19. This Reimbursement Agreement represents the entire agreement of the Parties and no other agreement, statement or promise made by any Party or any employee, officer or agent of any Party with respect to any matters covered hereby that is not in writing and signed by all the Parties to this Agreement shall be binding. This Reimbursement Agreement shall not be modified or amended except in writing signed by the Parties. If any provision of this Reimbursement Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Reimbursement Agreement; and (b) the remainder of this Reimbursement Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

20. This Reimbursement Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

21. The term of this Reimbursement Agreement is the earlier of (i) the expiration of the Assessments as set forth in the SAP, (ii) until the Unpaid Balance is paid in full in accordance herewith, (iii) the issuance of Future Improvement Area #1 Bonds to fund the Reimbursement Amount, as reduced by payments made pursuant to Section 3 herein, or (iv) termination pursuant to an Event of Default under this Agreement or under the Development Agreement, whichever occurs first. If the Developer defaults under this Reimbursement Agreement or the Development Agreement, the Development Agreement shall not terminate with respect to the costs of the Improvement Area #1 Improvements that have been previously been approved by the City pursuant to a Certification for Payment (as defined in the Development Agreement) prior to the date of default.

22. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Reimbursement Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to Force Majeure, to perform its obligations under this Reimbursement Agreement, then the obligations affected by the Force Majeure shall be temporarily suspended. Within fifteen (15) business days after the occurrence of a Force Majeure, the Party claiming the right to temporarily suspend its performance, shall give Notice to all the Parties, including a detailed explanation of the Force Majeure and a description of the action that will be taken to remedy the Force Majeure and resume full performance at the earliest possible time. For purposes of this Reimbursement Agreement, "Force Majeure" means any act that (i) materially and adversely affects the affected Party's ability to perform the relevant obligations under this Reimbursement Agreement or delays such affected Party's ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party's fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. "Force Majeure" shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemics or pandemics that result in a governmental action that stops or delays construction or halts, impedes or delays the operations of the City; and (g) actions or omissions of a governmental authority (including the actions of the City in its capacity as a governmental authority) that were not caused by, voluntarily induced or promoted by the affected Party (including the submission of incomplete or erroneous information to the City), or brought about by the breach of its obligations under this Reimbursement Agreement or any applicable law or failure to comply with City regulations; provided, however, that under no circumstances shall Force Majeure include

any of the following events: (u) changes in market condition; (v) any strike or labor dispute involving the employees of the Developer or any affiliate of the Developer, other than industry or nationwide strikes or labor disputes; or (w) the occurrence of any manpower, material or equipment shortages.

23. Any amounts or remedies due pursuant to this Reimbursement Agreement are not subject to acceleration.

24. The Developer 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 Reimbursement Agreement is a contract for goods or services, will not boycott Israel during the term of this Reimbursement 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 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 Developer understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

25. The Developer hereby 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 Federal law and excludes the Developer 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 Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

26. The Developer agrees to either (i) file a Texas Ethics Commission Disclosure of Interested Parties form to the City or (ii) represent in writing that it is exempt from filing

of such form, no later than the date upon which the City Council approves this Reimbursement Agreement

[SIGNATURE PAGES TO FOLLOW]

Executed by Developer and City to be effective on the Effective Date.

ATTEST: **CITY OF TOMBALL**

_____ _____

City Secretary Mayor

APPROVED AS TO FORM

_____

City Attorney

HT RABURN RESERVE DEVELOPMENT LP

By: HT Raburn Reserve Development LLC, its general partner

By: HT Raburn Reserve LP, its sole member

By: Hines Raburn Reserve LLC, its general partner

By: Hines Raburn Reserve Associates LP, its sole member

By: Hines Investment Management Holdings Limited Partnership, its general partner

By: HIMH GP LLC, its general partner

By: Hines Real Estate Holdings Limited Partnership, its sole member

By: JCH Investments, Inc.,
its general partner

By: _____

Name: _____

Title: _____

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Approve, on First Reading, Resolution No. 2020-26-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation's Project to Expend Funds in accordance with an Economic Development Performance Agreement by and between the Corporation and TCG Capital, LLC, to make direct incentives to, or expenditures for, assistance with infrastructure costs required or suitable for the promotion of new or expanded business enterprise related to the construction of a 44,000 square foot indoor sports facility to be located at 19220 Theis Ln., Tomball, Texas 77375. The estimated amount of expenditures for such Project is $119,450.00.

Background:

On August 11, 2020, the Tomball Economic Development Corporation (TEDC) Board of Directors unanimously approved, as a Project of the Corporation, a performance agreement with TCG Capital, LLC for assistance with infrastructure costs related to the development of a proposed 44,000 square foot indoor sports facility to be located at 19220 Theis Ln., Tomball, Texas 77375.

Targeted infrastructure projects that will promote or develop new or expanded business enterprises are authorized expenditures under the Development Corporation Act.

The Tomball City Council has final approval authority over all programs and expenditures of the TEDC. Final approval of this project requires the adoption of Resolution No. 2020-26-TEDC after two separate readings.

Origination:

Jorge Campos, Managing Partner, TCG Capital, LLC

Recommendation:

Approve Resolution No. 2020-26-TEDC on first reading.

Funding:

Yes

Account Number:Project Grants

Party(ies) responsible for placing this item on agenda:

Kelly Violette, Executive Director, Tomball Economic Development Corporation

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Resolution No. 2020-26-TEDC
TEDC Memo
Request Letter
TEDC Performance Agreement
Economic Impact Analysis

RESOLUTION NO. 2020-26-TEDC

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, AUTHORIZING AND APPROVING THE TOMBALL ECONOMIC DEVELOPMENT CORPORATION'S PROJECT TO EXPEND FUNDS IN ACCORDANCE WITH AN ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT BY AND BETWEEN THE CORPORATION AND TCG CAPITAL, LLC, TO PROMOTE AND DEVELOP NEW OR EXPANDED BUSINESS ENTERPRISES; CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, the Tomball Economic Development Corporation (the "TEDC"), created pursuant to the Development Corporation Act, now Chapter 501 of the Texas Local Government Code, as amended (the "Act"), desires to adopt projects and provide incentives for economic development within the City; and

WHEREAS, the Board of Directors of the TEDC had adopted as a specific project the expenditure of the estimated amount of One Hundred Nineteen Thousand Four Hundred Fifty Dollars ($119,450.00), found by the Board to be required or suitable to promote a new business development by TCG Capital, LLC; and

WHEREAS, pursuant to the Act, the TEDC may not undertake such project without the approval of Tomball City Council; and

WHEREAS, City Council finds and determines that such project promotes new or expanded business enterprises and is in the best interests of the citizenry; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Resolution are hereby found to be true and correct.

Section 2. The City Council hereby authorizes and approves the adoption, by the Board of Directors of the Tomball Economic Development Corporation, as a specific project for the economic development of the City, an expenditure of the estimated amount of One Hundred Nineteen Thousand Four Hundred Fifty Dollars ($119,450.00), to TCG Capital, LLC in accordance with an economic development agreement by and between the TEDC and TCG Capital, LLC, to promote and develop a new or expanded business enterprises, to be located at 19220 Theis Ln., Tomball, TX 77375.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Resolution or the application of the same to any person or circumstance shall for any reason be adjudged

invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Resolution as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

PASSED AND APPROVED on first reading this _____ day of _____, 2020.

PASSED, APPROVED, AND RESOLVED on second and final reading this _____ day of _____, 2020.

_____
Gretchen Fagan, Mayor

ATTEST:

_____
Doris Speer, City Secretary

TOMBALL
ECONOMIC DEVELOPMENT CORP.

TO: Honorable Mayor and City Council

FROM: Kelly Violette
Executive Director

MEETING DATE: September 8, 2020

SUBJECT: TCG Capital, LLC

ITEM TYPE: Action

The Tomball Economic Development Corporation has received a request from Jorge Campos, Managing Member of TCG Capital, LLC, for assistance with infrastructure costs related to the development of a proposed indoor sports facility.

TCG Capital, LLC, proposes to develop approximately 2.986 acres located at 19220 Theis Ln., Tomball, Texas, 77375. The development will consist of an approximately 44,000 square-foot indoor sports facility, comprised of 6 indoor volleyball courts, 2 indoor basketball courts, lobby, concession, pro shop and office space on the second floor. The estimated capital investment for the project is over $4.7 million.

The eligible infrastructure improvements include water, sanitary, gas, storm sewer, telecommunications, electric utilities and related site improvements totaling approximately $1,194,500.00.

Targeted infrastructure that will promote the development and expansion of business enterprise is a permissible project as outlined in Texas Economic Development Legislation. If this project is approved, it will go to the Tomball City Council for final approval by resolution at two separate readings.

An economic impact analysis is included with the agreement to show the impact of this project on Tomball's economy. Per the analysis, the 5-year net benefit of this project on Tomball's economy is $305,054.00.

If the agreement between the TEDC and TCG Capital, LLC is approved as a Project of the Corporation, the grant funding amount will not exceed $119,450.00, based on 10% of the actual expenditures for the eligible infrastructure improvements.

TCG Capital LLC
9303 Stratford Pl
Tomball, TX 77375

Date: August 6, 2020

Tomball Economic Development
29201 Quinn Road, Suite B
Tomball, TX 77375

RE: Tomball Sportsplex – Request for Grant

To Whom It May Concern:

I would like to formally request a grant to assist with infrastructure and site construction costs of a new sports complex in Tomball. I think this will be a great project for the city of Tomball. I have purchased a 3 acre tract and am building a volleyball and basketball indoor facility.

Overview Project

I plan to build a tilt wall structure for an indoor volleyball and basketball sports facility with a lobby and office space on a second floor. Additionally, a parking lot with 176 parking spots will be included. The facility is ~44,000 sq ft (6 volleyball courts, 2 basketball / volleyball courts, lobby, concession, pro shop and offices) on a 3 acre tract on Theis Lane in Tomball, Texas. The anchor tenant will be a local volleyball club in town (moved from the Woodlands in 2017). They will occupy the 6 volleyball courts, lobby area and offices (65% of the facility). They have seen tremendous growth since their time in Tomball and have outgrown their existing facility. This will ensure they remain in Tomball and continue to expand here locally. Additionally, this new facility will allow them to host tournaments and bring tourism to Tomball. As they expand, they have added additional coaches, directors and staff.

Further, the remaining 2 basketball / volleyball courts will be available for use to the community. Programs will be offered for kids and adults to engage in active sports indoors in a fun competitive environment without the monotony of going to the "gym" and lifting weights, etc. This will include summer camps (introduction to sports such as basketball, indoor soccer, etc), adult volleyball and basketball leagues throughout the year, basketball and volleyball open gyms and private court rentals. Other opportunities that we would focus on would be hosting tournaments for basketball or volleyball games including local or statewide. As we build out our programs and garner interest from the local community, we will look to hire full time staff to help manage programs, community outreach and organizing tournaments. Initially, we expect to hire 2 full time employees and 1 part time employee within the first 12 months.

Project Costs and Timing

The total project cost is estimated to be $4,800,000 with approximately $1,100,000 devoted for site and infrastructure costs.

TCG Capital LLC
9303 Stratford Pl
Tomball, TX 77375

	Cost
3 acre tract (already purchased)	$600,000
Building Cost	$3,400,000
Interior Build Out (verbal budgets received)	$800,000
Total Project Cost	**$4,800,000**

The construction is estimated to be completed by Q1/Q2 2021.

Expansion

As we build out programs and interest, we have started early planning for Phase 2 expansion. We have already purchased an adjacent 1.5 acre tract. The raw land is currently not cleared but would allow us to be ready to meet continued demand and provide us an ability to host larger tournaments and offer more programs to Tomball and surrounding community. We have internally discussed, expanding the basketball courts, constructing baseball training facilities including batting cages, outdoor soccer / football fields, etc.

Benefits to Tomball

We firmly believe this facility will provide a huge benefit to the city of Tomball both economically as well as intangibly. The benefits to Tomball include:

1. Maintains one of the largest competitive volleyball clubs in Tomball (originally was lured from the Woodlands)
2. Increased need for coaches, trainers, program directors and other sports related jobs
3. Increased property tax revenue to the City and schools
4. Increased tourism traffic throughout the year (will create additional demand for hotels, shopping and eating) – tournaments expected to be held throughout the year
5. Benefit to all city of Tomball citizens who enjoy playing sports and eliminates the need to drive outside of Tomball to find an indoor sports facility

I am fully committed to bringing a first class indoor sports facility to Tomball and want to build a great reputation throughout all of Texas. I request that you approve this grant request and look forward to discussing.

All the Best,

Jorge Campos
TCG Capital, LLC, Managing Member
Email: jorge@tcgcap.com

TCG Capital LLC
9303 Stratford Pl
Tomball, TX 77375

Phone: 713-202-8759

AGREEMENT

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

This Agreement (the "Agreement") is made and entered into by and between the **Tomball Economic Development Corporation**, an industrial development corporation created pursuant to Tex. Rev. Civ. Stat. Ann. Art. 5190.6, Section 4B, located in Harris County, Texas (the "TEDC"), and **TCG Capital, LLC** (the "Company"), 9303 Stratford Place, Tomball, TX 77375.

W I T N E S S E T H :

WHEREAS, it is the established policy of the TEDC to adopt such reasonable measures from time-to-time as are permitted by law to endeavor to attract industry, create and retain primary jobs, expand the growth of the City of Tomball (the "City"), and thereby enhance the economic stability and growth of the City; and

WHEREAS, the Company proposes to develop a 2.986-acre tract of land within the City, located at 19220 Theis Ln., Tomball, Texas 77375 (the "Property"), more particularly described in Exhibit "A," attached hereto and made a part hereof; and

WHEREAS, the Company plans to expend over Four Million Dollars ($4,000,000) to construct a 44,000 square foot indoor sports facility (the "Improvements") on the site, more particularly described in Exhibit "B," attached hereto and made a part hereof; and

WHEREAS, the Company also proposes to create three (3) new full-time employment positions in Tomball in conjunction with the opening of its business operations on the Property; and

DRAFT

WHEREAS, the TEDC agrees to provide to the Company the sum of One Hundred and Nineteen Thousand Four Hundred and Fifty Dollars ($119,450.00), or an amount equal to up to ten percent (10%) of actual construction costs if less than the sum stated above, to assist in the construction of infrastructure necessary to promote and develop new business enterprises on the Property. The infrastructure found by the Board of Directors of TEDC to be required to develop the Property are certain drainage facilities and related improvements, site improvements, water, sanitary sewer, and electric, utilities to the exterior of the buildings (the "Infrastructure Improvements"), identified and described in Exhibit "C," attached hereto and made a part hereof; and

WHEREAS, the Company has agreed, in exchange and as consideration for the funding, to satisfy and comply with certain terms and conditions; and

NOW, THEREFORE, in consideration of the premises and the mutual benefits and obligations set forth herein, including the recitals set forth above, the TEDC and the Company agree as follows:

1.

The Company covenants and agrees that it will construct and maintain on the Property a 44,00 square-foot indoor sports facility (the "Improvements") identified and described in Exhibit "B," attached hereto and made a part hereof. In conjunction with the development of the Property, the Company further agrees to construct the Improvements contemplated by this Agreement, in accordance with the requirements of the ordinances of the City and the plans and specifications approved by the City. The Company further represents and agrees that it will

DRAFT

certify the costs of the construction of such Infrastructure Improvements to the TEDC prior to construction.

2.

Construction of the Improvements on the Property, including construction of the Infrastructure Improvements, must commence within 180 days from the date of this Agreement (the "Start Date"), and the Company shall notify the TEDC of such Start Date. The construction of the Improvements to the Property, including construction of the Infrastructure Improvements, shall be completed, and all necessary occupancy permits from the City shall be obtained within eighteen (18) months from the Effective Date of this agreement. Extensions of these deadlines due to extenuating circumstances or uncontrollable delay may be granted by the Board of Directors of the TEDC at its sole discretion.

3.

The Company further covenants and agrees that the Improvements described in Paragraph 1 hereof will be occupied and that the indoor sports facility will be maintained on the property for a term of at least five (5) years.

4.

The Company further covenants and agrees that the Company or any owner or leasee of the Improvements does not and will not knowingly employ an undocumented worker. An "undocumented worker" shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States; or (b) authorized under the law to be employed in that manner in the United States.

5.

DRAFT

In consideration of the Company's representations, promises, and covenants, TEDC agrees to reimburse the Company for the actual cost of the Infrastructure Improvements up to the amount of One Hundred and Nineteen Thousand Four Hundred and Fifty Dollars ($119,450.00), or an amount equal to up to ten percent (10%) of actual construction costs if less than the sum stated above. The TEDC agrees to reimburse the Company for such amount within thirty (30) days of receipt of a letter from the Company requesting such payment and including: (a) certification of the costs of constructing the Infrastructure Improvements; (b) a copy of the City's occupancy permit for the Improvements to the Property; (c) verification from the City acknowledging that all necessary plats, permits, plans, and specifications have been received, reviewed, and approved; (d) certification that the Infrastructure Improvements have been constructed in accordance with the approved plans and specifications; and (e) an affidavit stating that all contractors and subcontractors providing work and/or materials in the construction of the Infrastructure Improvements have been paid and any and all liens and claims regarding such work have been released.

6.

It is understood and agreed by the parties that, in the event of a default by the Company on any of its obligations under this Agreement, the Company shall reimburse the TEDC the full amount paid to the Company by the TEDC, with interest at the rate equal to the 90-day Treasury Bill plus one-half percent (½%) per annum, within thirty (30) days after the TEDC notifies the Company of the default. It is further understood and agreed by the parties that if the Company, or any owner or lessee of the Improvements, is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company will reimburse the TEDC the full amount paid to the Company, with

DRAFT

interest at the rate equal to the 90-day Treasury Bill plus one-half percent (½%) per annum, within thirty (30) days after the TEDC notifies the Company of the violation.

The Company shall also reimburse the TEDC for any and all reasonable attorney's fees and costs incurred by the TEDC as a result of any action required to obtain reimbursement of such funds. Such reimbursement shall be due and payable thirty (30) days after the Company receives written notice of default.

7.

This Agreement shall inure to the benefit of and be binding upon the TEDC and the Company, and upon the Company's successors and assigns, lessees, affiliates, and subsidiaries, and shall remain in force whether the Company sells, leases, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the Property and the agreements herein contained shall be held to be covenants running with the Property for so long as this Agreement, or any extension thereof, remains in effect.

8.

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by (i) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid, registered or certified mail, return receipt requested; or (ii) by delivering the same in person to such party; or (iii) by overnight or messenger delivery service that retains regular records of delivery and receipt; or (iv) by facsimile; provided a copy of such notice is sent within one (1) day thereafter by another method provided above. The initial addresses of the parties for the purpose of notice under this Agreement shall be as follows:

If to City: Tomball Economic Development Corporation
401 W. Market Street
Tomball, Texas 77375
Attn: President, Board of Directors

DRAFT

If to Company: TCG Capital, LLC
9303 Stratford Place
Tomball, Texas 77375
Attn: Jorge Campos
TCG Capital, LLC, Managing Member

9.

This Agreement shall be performable and enforceable in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas.

10.

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment or modification only in writing, and by the signatures and mutual consent of the parties hereto.

11.

The failure of any party to insist in any one or more instances on the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any of its rights, shall not be construed as a waiver or relinquishment of such term, covenant, or condition, or right with respect to further performance.

12.

This Agreement shall bind and benefit the respective Parties and their legal successors and shall not be assignable, in whole or in part, by any party without first obtaining written consent of the other party.

13.

DRAFT

In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement, or the application thereof to any person, firm, corporation, or circumstance, shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be deemed to be independent of and severable from the remainder of this Agreement, and the validity of the remaining parts of this Agreement shall not be affected thereby.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties on this _____ day of _____ 2020 (the "Effective Date").

TCG Capital, LLC

By: _____
Name: Jorge Campos
Title: Managing Member

ATTEST:

By: _____
Name: _____
Title: _____

TOMBALL ECONOMIC DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: President, Board of Directors

ATTEST:

By: _____
Name: _____
Title: Secretary, Board of Directors

DRAFT

ACKNOWLEDGMENT

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of _____ 2020, by Jorge Campos, Managing Member, TCG Capital, LLC., for and on behalf of said company.

_____
Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

ACKNOWLEDGMENT

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of _____ 2020, by _____, President of the Board of Directors of the Tomball Economic Development Corporation, for and on behalf of said Corporation.

_____
Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

DRAFT

Exhibit A

Legal Description of Property

TOPOGRAPHIC SURVEY OF
2.986 AC./130,071 SQ. FT.
LOTS 1 & 2, BLOCK 1 OF THEIS ROAD WAREHOUSES
F.C. NO. 683774, H.C.M.R.
SITUATED IN THE
PRUITT SURVEY, A-629
CITY OF TOMBALL, HARRIS COUNTY, TEXAS

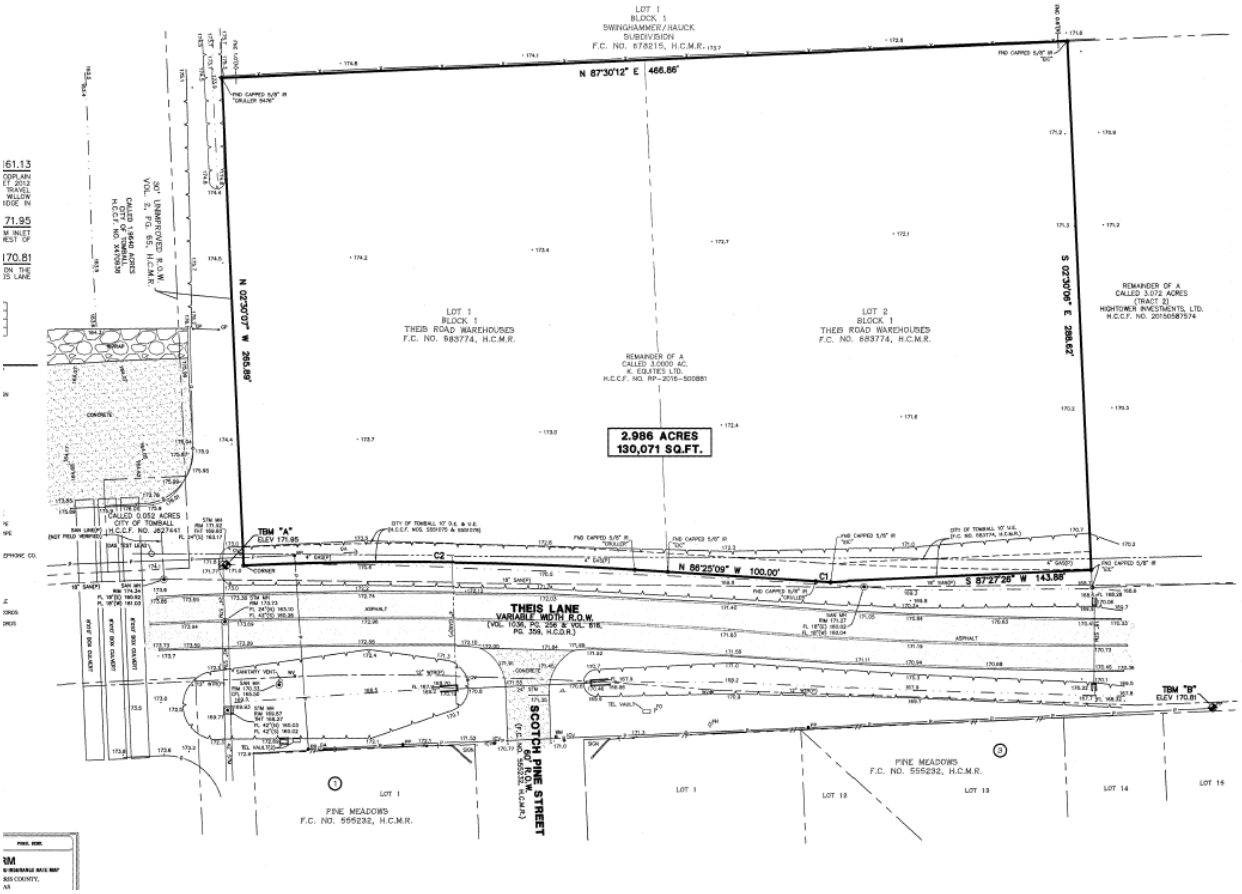


Exhibit B

Description of Improvements

Construction of a 44,000 square foot indoor sports facility.

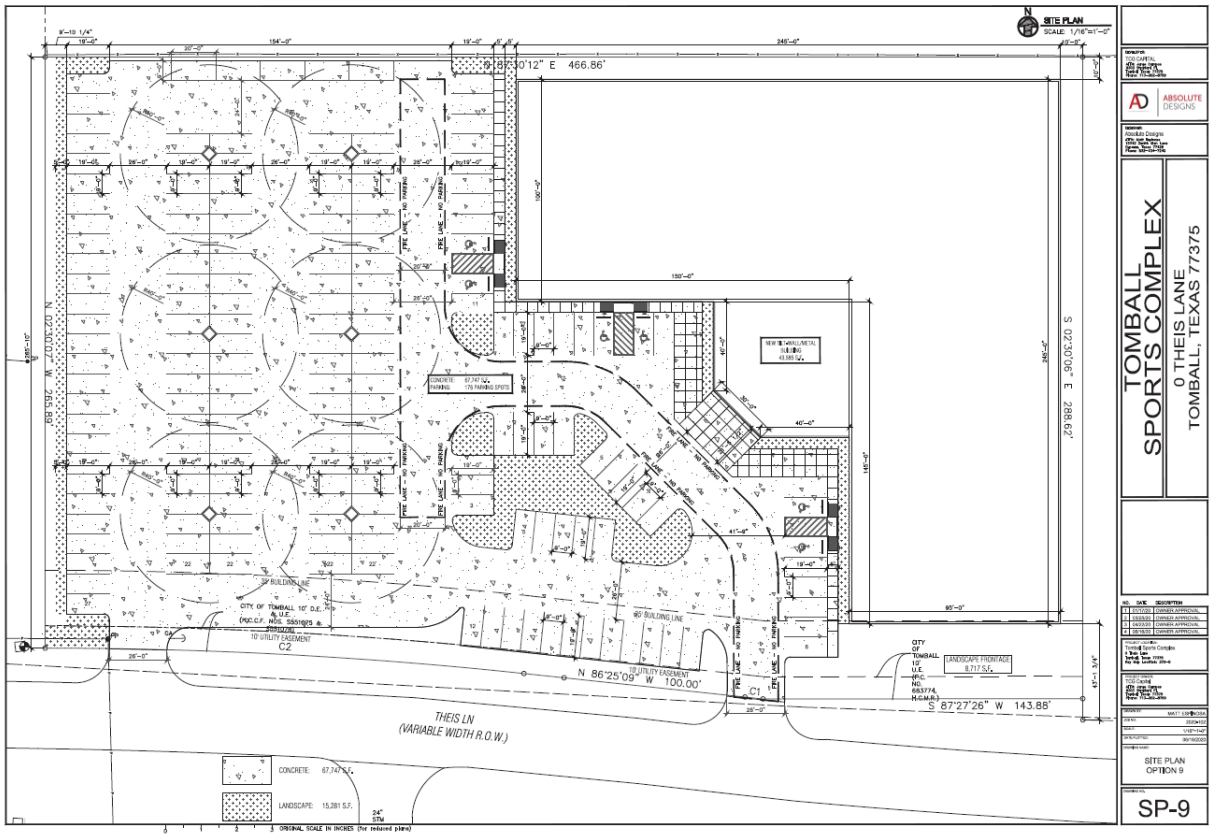


Exhibit C

Description of Infrastructure Improvements

43,585 SF. TILT-WALL SHELL BUILDING

ITEM	AMOUNT
General Conditions	$140,000.00
Surveying	$12,500.00
SWPPP Control	$10,000.00
Site and Concrete Testing	$20,000.00
Site Work	$250,000.00
Storm	$60,000.00
Foundations	$275,000.00
Site Concrete	$304,000.00
Electrical	$85,000.00
Plumbing	$38,000.00
Total Job Cost	$1,194,500.00

DRAFT

EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF TCG CAPITAL (SPORTS COMPLEX) IN TOMBALL, TX

August 6, 2020

Prepared by:
Tomball Economic Development Corporation
29201 Quinn Rd., Suite B
Tomball, Texas 77375

TOMBALL
ECONOMIC DEVELOPMENT CORP.

Prepared using Total Impact

IMPACT DataSource

PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the Tomball Economic Development Corporation. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in Tomball Economic Development Corporation's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. Tomball Economic Development Corporation made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by Tomball Economic Development Corporation or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.

CONTENTS

Economic Impact
- Introduction..... 4
- Description of the Project..... 4
- Economic Impact Overview..... 4
- Temporary Construction Impact..... 6

Fiscal Impact
- Fiscal Impact Overview..... 7
  - Impact from Project and Workers..... 8

Public Support
- Non-Tax Incentives..... 10

Methodology
- Overview of Methodology 12
- About Impact DataSource..... 13

Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in the City of Tomball will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

This project includes the construction of a 44,000 square foot sports facility on a 3-acre tract on Theis Lane. The facility will be tilt wall construction and will include 6 volleyball courts, 2 basketball / volleyball courts, lobby, concession, a pro shop and offices.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the community. The 3.0 workers directly employed by the Project will earn approximately $41,000 per year on average over the next 10 years. This direct activity will support 0.6 indirect and induced workers in the community earning $80,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately $1.7 million over the next 10 years.

On average, the Project will generate $0.2 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce $0.1 million in economic output per year as a result of the Project. In total, the Project will support $0.4 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the Project's employment estimates.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately $9.9 million in taxable sales over the next 10 years.

Table 1. Economic Impact Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of permanent direct, indirect, and induced jobs to be created	3.0	0.6	3.6
Salaries to be paid to direct, indirect, and induced workers	$1,194,344	$464,002	$1,658,346
Economic output generated by direct, indirect, and induced activity	$2,428,415	$1,125,570	$3,553,985
Taxable sales and purchases expected in the City	$9,867,596	$12,992	$9,880,588

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

Table 2. Population Impacts Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the City	0.1	0.0	0.1
Number of new residents in the City	0.3	0.0	0.3
Number of new residential properties to be built in the City	0.0	0.0	0.0
Number of new students expected to attend local school district	0.1	0.0	0.1

The Project is estimated to support an average of approximately $5.5 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 3. Value of Taxable Property Supported by the Project Over the Next 10 Years

		The Project's Property					Total
Year	New Residential Property	Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Inventories	Subtotal Nonresidential Property	Residential & Nonresidential Property
1	$0	$600,000	$4,400,000	$80,000	$20,000	$5,100,000	$5,100,000
2	$0	$612,000	$4,488,000	$72,000	$21,000	$5,193,000	$5,193,000
3	$0	$624,240	$4,577,760	$64,000	$22,050	$5,288,050	$5,288,050
4	$0	$636,725	$4,669,315	$56,000	$23,153	$5,385,193	$5,385,193
5	$0	$649,459	$4,762,702	$48,000	$24,310	$5,484,471	$5,484,471
6	$0	$662,448	$4,857,956	$40,000	$25,526	$5,585,930	$5,585,930
7	$0	$675,697	$4,955,115	$32,000	$26,802	$5,689,614	$5,689,614
8	$0	$689,211	$5,054,217	$24,000	$28,142	$5,795,570	$5,795,570
9	$0	$702,996	$5,155,301	$16,000	$29,549	$5,903,846	$5,903,846
10	$0	$717,056	$5,258,407	$16,000	$31,027	$6,022,489	$6,022,489

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Temporary Construction Impact

The Project will include an initial period of construction where $4.4 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

Table 4. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

			Amount
Total construction expenditure			$4,400,000
	Materials	*$2,200,000*	
	Labor	*$2,200,000*	
Temporary Construction Workers Supported (Average Earnings = $51,300)			42.9

The following table presents the temporary economic impacts resulting from the construction.

Table 5. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	42.9	31.9	74.8
Salaries to be paid to direct, indirect, and induced workers	$2,200,000	$1,149,280	$3,349,280
Revenues or sales for businesses related to construction	$4,400,000	$3,912,920	$8,312,920

** A job year is defined as full employment for one person for 2080 hours in a 12-month span.*

Sales tax calculations related to construction activity are presented in the following table. The sales tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts in Year 1 of this analysis.

Table 6. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	$2,200,000
Percent of Materials subject to local tax	50.0%
Subtotal Taxable Materials	$1,100,000
Expenditure for Labor / Paid to construction workers	$2,200,000
Percent of gross earnings spent on taxable goods and services	24.0%
Percent of taxable spending done locally	10.0%
Subtotal Taxable Construction Worker Spending	$52,800
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	$80,000
Percent of FF&E subject to local tax	10.0%
Subtotal Taxable FF&E Purchases	$8,000
Total Construction-Related Taxable Spending	$1,160,800

The above construction analysis focuses on the impact resulting from the Project's construction investments identified in Year 1. If construction will be phased in over several years or an expansion is planned in a later year, parallel calculations will be performed for those years.

Fiscal Impact Overview

The Project will generate additional benefits and costs for the City. Overall, the City will receive approximately $840,200 in net benefits over the 10-year period. The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

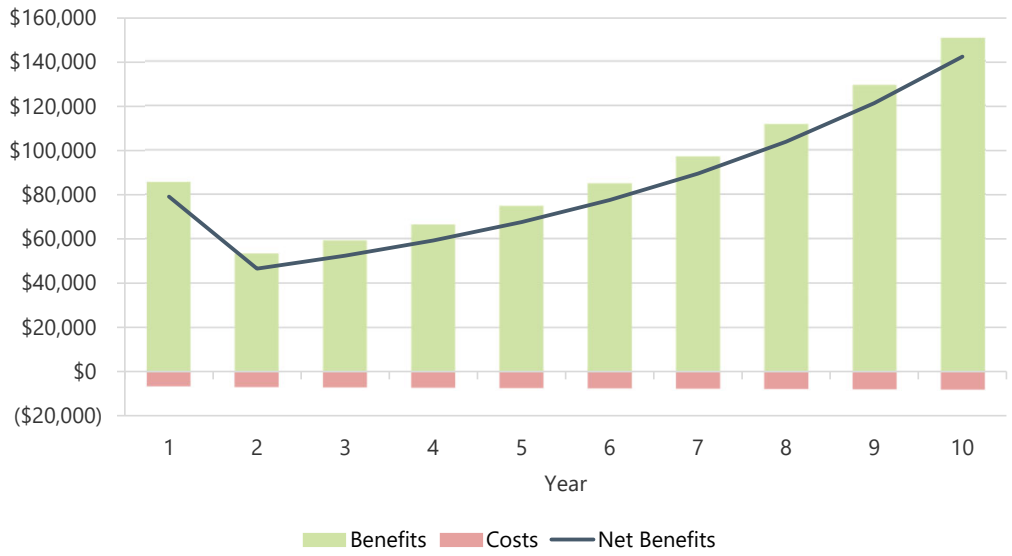
Table 7. City of Tomball: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Sales Taxes	$197,612
Property Taxes - Project	$189,331
Property Taxes - New Residential	$0
Utility Revenue	$64,034
Utility Franchise Fees	$7,562
Building Permits and Fees	$14,190
Hotel Occupancy Taxes	$436,330
Miscellaneous Taxes & User Fees	$5,329
Subtotal Benefits	$914,387
Cost of Providing Municipal Services	($6,954)
Cost of Providing Utility Services	($67,236)
Subtotal Costs	($74,189)
Net Benefits	$840,198
Present Value (5% discount rate)	*$622,398*

Table 8. Year-by-Year Benefits, Costs, and Net Benefits for the City of Tomball

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	$85,708	($6,593)	$79,115	$79,115
2	$53,507	($6,930)	$46,577	$125,692
3	$59,461	($7,068)	$52,393	$178,085
4	$66,542	($7,210)	$59,333	$237,418
5	$74,990	($7,354)	$67,636	$305,054
6	$85,096	($7,501)	$77,595	$382,648
7	$97,219	($7,651)	$89,568	$472,216
8	$111,801	($7,804)	$103,997	$576,213
9	$129,387	($7,960)	$121,427	$697,640
10	$150,677	($8,119)	$142,557	$840,198
Total	$914,387	($74,189)	$840,198	

Figure 1. Annual Fiscal Net Benefits for the City of Tomball



Impact from Project and Workers

The City will receive benefits from the activity, spending, and investments associated with (1) the Project and (2) the workers. These benefits, associated costs, and resulting net benefits for the next 10 years are shown below for these two categories.

Table 9: Net Benefits to the City from the Project and Workers

	The Project	Workers	Total
Sales Taxes	$196,683	$929	$197,612
Real Property Taxes	$186,942	$0	$186,942
FF&E Property Taxes	$1,530	$0	$1,530
Inventory Property Taxes	$859	$0	$859
New Residential Property Taxes	$0	$0	$0
Utility Revenue	$62,413	$1,621	$64,034
Utility Franchise Fees	$7,455	$106	$7,562
Building Permits and Fees	$14,190	$0	$14,190
Hotel Occupancy Taxes	$436,330	$0	$436,330
Miscellaneous Taxes & User Fees	$4,905	$424	$5,329
Subtotal Benefits	$911,308	$3,079	$914,387
Cost of Providing Municipal Services	($6,402)	($552)	($6,954)
Cost of Providing Utility Services	($65,534)	($1,702)	($67,236)
Subtotal Costs	($71,936)	($2,253)	($74,189)
Net Benefits	$839,372	$826	$840,198
Percent of Total Net Benefits	*99.9%*	*0.1%*	

Non-Tax Incentives

At the request of the firm, The City of Tomball may consider abating taxes on the firm's property. The table below identifies the type of firm property for which the city may consider abating taxes.

Table 14. Incentives Under Consideration

Year	Enter Incentive Description
1	$119,450
2	$0
3	$0
4	$0
5	$0
6	$0
7	$0
8	$0
9	$0
10	$0
Total	$119,450

These financial incentives may be considered an investment in the Project made by the EDC and/or City. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

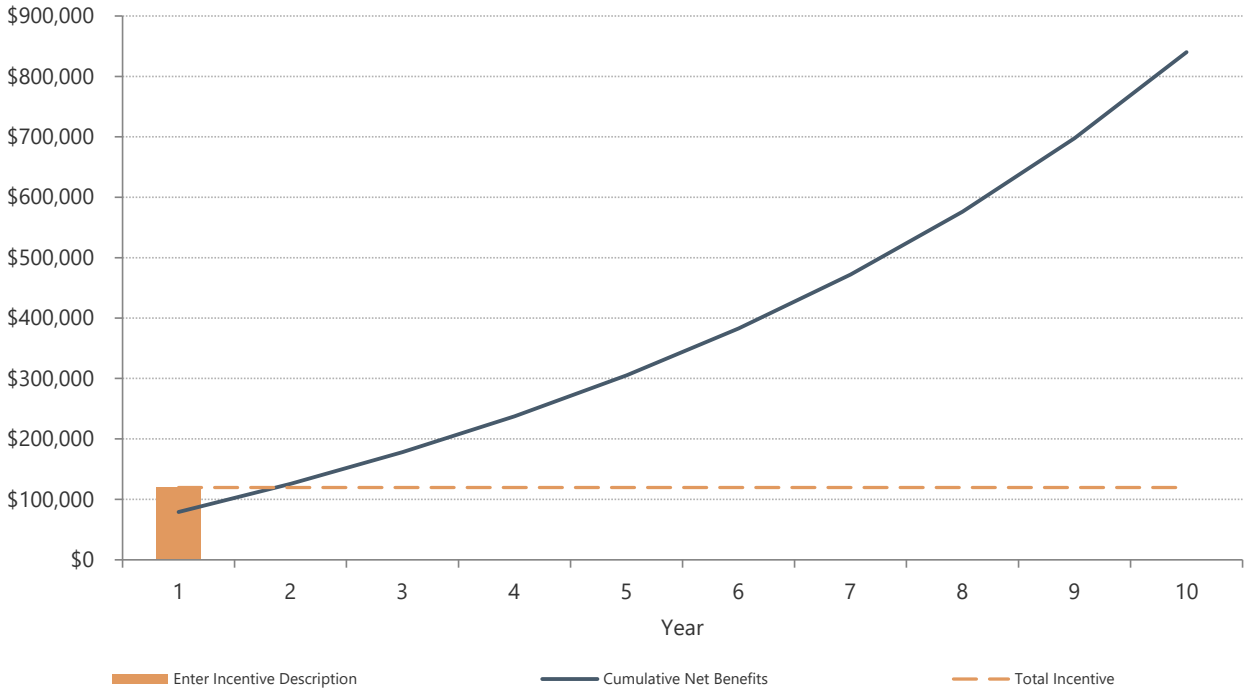
Table 15. Analysis of Incentives

Total Non-Tax Incentive	$119,450
Rate of Return - 5 Years	51.1%
Rate of Return - 10 Years	70.3%
Payback period (years)	1.9

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 2. Incentives Under Consideration



Overview of Methodology

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

713900 Other amusement and recreation industries		City	County
Employment Multiplier	(Type II Direct Effect)	1.2038	1.4051
Earnings Multiplier	(Type II Direct Effect)	1.3885	1.7723

The fiscal impacts calculated in this report are detailed in Appendix C. Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach. This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by the city and county to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs. This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

Additionally, this analysis seeks to calculate the impact on the school district's finances from the Project by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls, and the local taxes that this generates, reduces the amount of state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and the corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Consideration and possible action to approve, as a Project of the Tomball Economic Development Corporation, an agreement with CCJ Collaborations, LLC to make direct incentives to or expenditures for the creation or retention of primary jobs associated with the development of a 10,500 square foot brewery and restaurant facility to be located on Lot 16 of the Tomball Business and Technology Park. The estimated amount of expenditures for such Project is $254,502.00.

Background:
All expenditures of the Tomball Economic Development Corporation (TEDC) sales tax revenue must first be approved as a "Project." At its meeting on August 11, 2020, the TEDC Board of Directors did take formal action to approve, as a Project of the TEDC, an agreement with CCJ Collaborations, LLC for the creation or retention of primary jobs associated with the relocation and development of a 10,500 square foot brewery and restaurant facility to be located on Lot 16 of the Tomball Business and Technology Park.

The Tomball City Council has final approval authority over all TEDC projects.

Origination:
CCJ Collaborations, LLC

Recommendation:
Approve, as a Project of the Corporation, the Performance Agreement with CCJ Collaborations, LLC

Funding:
Yes
Account Number:Project Grants

Party(ies) responsible for placing this item on agenda:
Kelly Violette, Executive Director, Tomball Economic Development Corporation

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

TEDC Memo
Request Letter
TEDC Performance Agreement
Economic Impact Analysis

TOMBALL
ECONOMIC DEVELOPMENT CORP.

TO: Honorable Mayor and City Council

FROM: Kelly Violette
Executive Director

MEETING DATE: September 8, 2020

SUBJECT: CCJ Collaborations, LLC

ITEM TYPE: Action

CCJ Collaborations is under contract to purchase Lot 16 in the Tomball Business and Technology Park for the purpose of constructing a 10,500 square foot production brewery and restaurant facility.

The project's estimated capital investment is over $4 million, and the facility is anticipated to create 55 jobs within the first two years of operation.

An economic impact analysis is included with the agreement to show the impact of this project on Tomball's economy. Per the analysis, the estimated 5-year net benefit of this project is $848,399.00. The proposed incentive is $254,502.00, based upon 30% of the 5-year net benefit of the City of Tomball. The anticipated rate of return on the incentive over 5 years is 66.7%.

Tomball Economic Development Corporation
Executive Director, Kelly Violette, CEcD, PCED, ACP
29201 Quinn Road, Suite B
Tomball, TX 77375

July 23, 2020

Dear Kelly,

RE: CCJ Collaborations – Tomball Brewery Project

I am writing to kindly request your consideration in supporting our plans to build a new brewery, restaurant, and outdoor venue space on S. Persimmon Street in the Tomball Business and Technology Park.

CCJ Collaborations is led by a team of industry veterans who are committed to creating a brewery that is hyper focused on local consumers and local drinkers. Our goal is to elevate beer in the Tomball area, and to provide the city with a brewery that will attract drinkers and consumers from all over the Greater Houston Area. We aim to be a pillar in the community, and focus on selling in and giving back into the local beer scene.

In the first year of operation, we plan to employ 45 employees, and expect that number to grow by another 30 employees within the next 5 years. We will employ brewers, scientist, drivers, sales and marketing associates, as well as hospitality workers. CCJ Collaborations will provide health benefits, dental, retirement plans as well as paid time off.

Our project will include the building of a 10,000 + sq ft building to house the restaurant and brewing operations, and an outdoor space spanning over 4 acres to attract consumers into the city for a full brewery experience. We will host events and provide tours of the facility to engage with consumers. It is estimated that over 40,000 people will travel to the brewery from outside the city limits each year. We have also engineered the site for future growth and expansion to meet the needs of a growing production facility.

In addition to the onsite experience, we will provide an adult beverage that will reach to a larger audience in the greater Houston area. We want to focus on the fact that our beer is produced locally, by brewers that live within the area, and is a product that the City of Tomball can be proud to call their own.

This project has received support from folks within the Tomball community, as well as the brewing community. As someone who grew up in Tomball, and a product of Tomball High School, I am excited to bring our dreams to my hometown. Please advise what assistance and abatement options are available, and any other support we can offer to make this project come to life. Tomball is home to me and several members of our team, and we look forward to being an active part of the Tomball community.

Yours Truly,

CCJ Collaborations

AGREEMENT

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

This Agreement (the "Agreement") is made and entered into by and between the **Tomball Economic Development Corporation**, an industrial development corporation created pursuant to the Development Corporation Act, now Chapter 501 et seq of the Texas Local Government Code, located in Harris County, Texas (the "TEDC"), and **CCJ Collaborations, LLC** (the "Company"), 5900 Balcones Drive, Suite 100, Austin, TX, 78731.

W I T N E S S E T H :

WHEREAS, it is the established policy of the TEDC to adopt such reasonable measures from time-to-time as are permitted by law to endeavor to attract industry, create and retain primary jobs, expand the growth of the City of Tomball (the "City"), and thereby enhance the economic stability and growth of the City; and

WHEREAS, the Company proposes to develop a 4.6547-acre tract of land within the City, described as Lot 16 of the Tomball Business and Technology Park (the "Property"), and more particularly described in Exhibit "A," attached hereto and made a part hereof; and

WHEREAS, the Company plans to expend Two Million Dollars ($2,000,000) to construct a 10,500 square-foot brewery and restaurant facility and other capital investments including fixed machinery and equipment and tangible personal property in an amount equal to at least One Million Five Hundred Thousand Dollars ($1,500,000) on the Property as described in Exhibit "B," attached hereto and made a part hereof (the "Improvements"); and

DRAFT

WHEREAS, the Company also proposes to create Fifty-Five (55) new full-time employment positions in Tomball in conjunction with the opening of its business operations on the Property; and

WHEREAS, the TEDC agrees to provide to the Company the sum of Two Hundred and Fifty-Four Thousand Five Hundred and Two Dollars ($254,502) to assist in the construction of the Improvements and the creation of Fifty-Five (55) new employment positions at the Property; and

WHEREAS, the Company has agreed, in exchange and as consideration for the funding, to satisfy and comply with certain terms and conditions; and

WHEREAS, this expenditure is found by the Board of Directors of the TEDC to be suitable for the relocation of the corporate headquarters to the property, to promote and develop new business enterprises on the Property, and in furtherance of the creation and retention of primary jobs;

NOW, THEREFORE, in consideration of the premises and the mutual benefits and obligations set forth herein, including the recitals set forth above, the TEDC and the Company agree as follows:

1.

Except as provided by paragraph 4, the Company covenants and agrees that it will operate and maintain the proposed business for a term of at least five (5) years and will maintain Fifty-Five (55) full-time employees on the Property.

2.

The construction of the Improvements, and the creation of Fifty-Five (55) new jobs, and the obtaining of all necessary occupancy permits from the City must occur within twenty-four

(24) months from the Effective Date of this Agreement. Extensions of these deadlines may be granted by the Board of Directors of the TEDC due to any extenuating circumstance or uncontrollable delay.

3.

The Company further covenants and agrees that it does not and will not knowingly employ an undocumented worker. An "undocumented worker" shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States; or (b) authorized by law to be employed in that manner in the United States.

4.

While this Agreement is in effect, annually within 60 days following the anniversary date of the Effective Date of this Agreement, the Company, or an affiliated entity, will certify to the TEDC that it has complied with the terms of this Agreement and provide sufficient written information, records, and documents, to support its certification of compliance.

5.

In consideration of the Company's representations, promises, and covenants, TEDC agrees to grant to the Company up to Two Hundred and Fifty-Four Thousand Five Hundred and Two Dollars ($254,502) to fund a portion of the cost of the Improvements and the addition of Fifty-Five (55) employees to the Property. The TEDC agrees to distribute such funds to the Company within thirty (30) days of receipt of a letter from the Company requesting such payment, which letter shall also include: (a) a copy of the City's occupancy permit for the Improvements to the Property, if applicable; (b) proof that the company has added the number of employees indicated above to the Tomball operation as evidenced by copies of Texas Workforce Commission form C-3 or Internal Revenue Service form 941; (c) a letter from the City

acknowledging that all necessary plats, plans, and specifications have been received, reviewed, and approved; (d) certification that the Improvements have been constructed in accordance with the approved plans and specifications; (e) an affidavit stating that all contractors and subcontractors providing work and/or materials in the construction of the Improvements have been paid and any and all liens and claims regarding such work have been released; and (f) Proof of payment to all contractors and subcontractors providing work and/or materials in the construction of the Improvements, proof of payment must include copies of canceled checks and/or credit card receipts and copies of paid invoices from all contractors and subcontractors.

In the event the number of jobs originally projected is not met or maintained, the amount of the funding provided to the Company by TEDC will be reduced on a pro-rata basis to reflect the actual number of jobs at the time of the request for disbursement of funds.

6.

It is understood and agreed by the parties that, in the event of a default by the Company on any of its obligations under this Agreement, the Company shall reimburse the TEDC the full amount paid to the Company by the TEDC, with interest at the rate equal to the 90-day Treasury Bill plus ½% per annum, within 120 days after the TEDC notifies the Company of the default. It is further understood and agreed by the parties that if the Company is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company will reimburse the TEDC the full amount paid to the Company, with interest at the rate equal to the 90-day Treasury Bill plus ½% per annum, within 120 days after the TEDC notifies the Company of the violation.

The Company shall also reimburse the TEDC for any and all reasonable attorney's fees and costs incurred by the TEDC as a result of any action required to obtain reimbursement of

such funds. Such reimbursement shall be due and payable thirty (30) days after the Company receives written notice of default accompanied by copies of all applicable invoices.

It is understood and agreed by the parties that, in the event of a default by the TEDC on any of its obligations under this Agreement, the Company's sole and exclusive remedy shall be limited to either a) the termination of this Agreement or b) a suit for specific performance.

7.

Personal Liability of Public Officials: To the extent permitted by law, no director, officer, employee or agent of the TEDC, and no officer, employee or agent of the City of Tomball, shall be personally responsible for any liability arising under or growing out of this Agreement.

8.

This Agreement shall inure to the benefit of and be binding upon the TEDC and the Company, and upon the Company's successors and assigns, affiliates, and subsidiaries, and shall remain in force whether the Company sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the Property and the agreements herein contained shall be held to be covenants running with the Property for so long as this Agreement, or any extension thereof, remains in effect.

9.

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by (i) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid, registered or certified mail, return receipt requested; or (ii) by delivering the same in person to such party; or (iii) by overnight or messenger delivery service that retains regular records of delivery and receipt; or (iv) by facsimile; provided a copy of such

notice is sent within one (1) day thereafter by another method provided above. The initial addresses of the parties for the purpose of notice under this Agreement shall be as follows:

If to City:	Tomball Economic Development Corporation 401 W. Market Street Tomball, Texas 77375 Attn: President, Board of Directors
If to Company:	CCJ Collaborations, LLC 5900 Balcones Drive, Suite 100 Austin, TX, 78731 Attn:

10.

This Agreement shall be performable and enforceable in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas.

11.

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment or modification only in writing, and by the signatures and mutual consent of the parties hereto.

12.

The failure of any party to insist in any one or more instances on the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any of its rights, shall not be construed as a waiver or relinquishment of such term, covenant, or condition, or right with respect to further performance.

13.

This Agreement shall bind and benefit the respective Parties and their legal successors and shall not be assignable, in whole or in part, by any party without first obtaining written consent of the other party.

14.

In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement, or the application thereof to any person, firm, corporation, or circumstance, shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be deemed to be independent of and severable from the remainder of this Agreement, and the validity of the remaining parts of this Agreement shall not be affected thereby.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties on this _____ day of _____ 2020 (the "Effective Date").

CCJ Collaborations, LLC

By: _____

Name:

Title:

ATTEST:

By: _____

Name: _____

Title: _____

TOMBALL ECONOMIC DEVELOPMENT CORPORATION

By: _____

Name: Gretchen Fagan

Title: President, Board of Directors

ATTEST:

By: _____

Name: Bill Sumner Jr.

Title: Secretary, Board of Directors

ACKNOWLEDGMENT

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of _____ 2020, by _____, the _____ of CCJ Collaborations, LLC for and on behalf of said company.

_____
Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

ACKNOWLEDGMENT

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of _____ 2020, Gretchen Fagan, President of the Board of Directors of the Tomball Economic Development Corporation, for and on behalf of said Corporation.

_____
Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

Exhibit A

Description of Property

4.6547 gross acres located in the City of Tomball, Harris County, Texas, identified as Lot 16, Block 1 of the Tomball Business & Technology Park Lot 5 Replat.

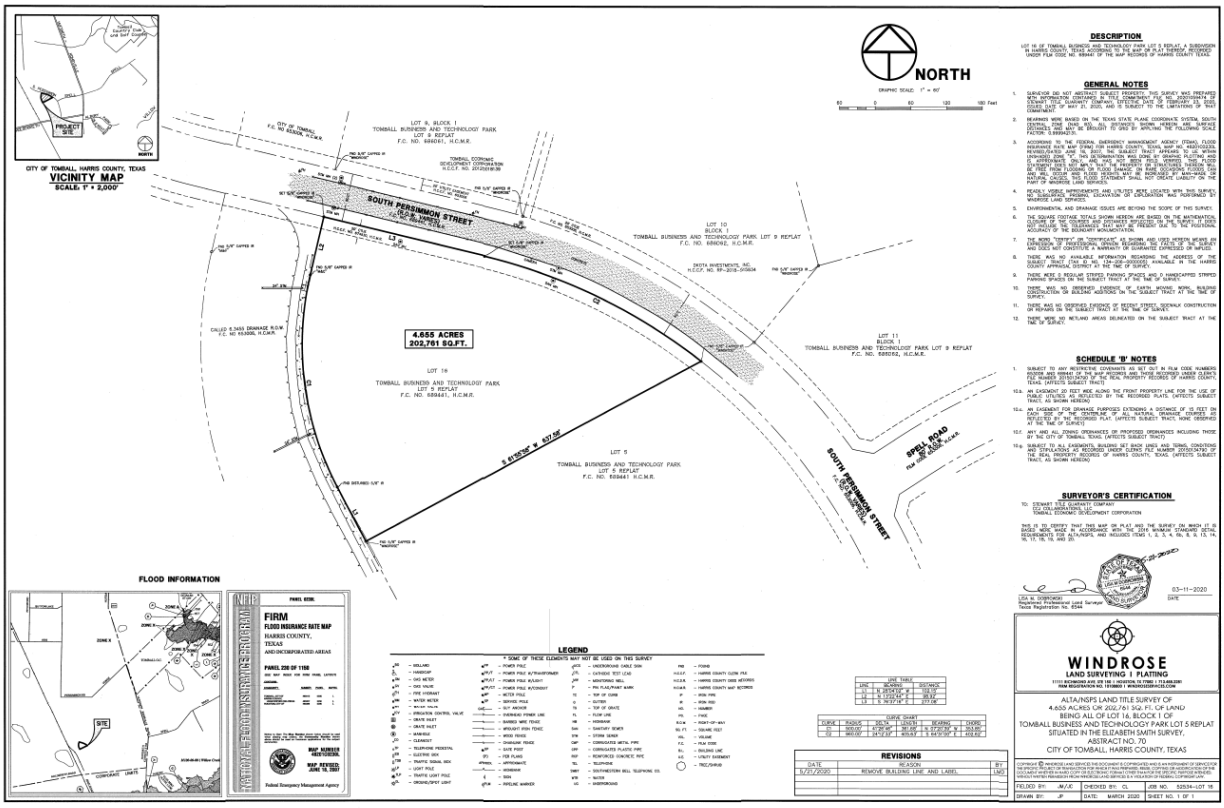
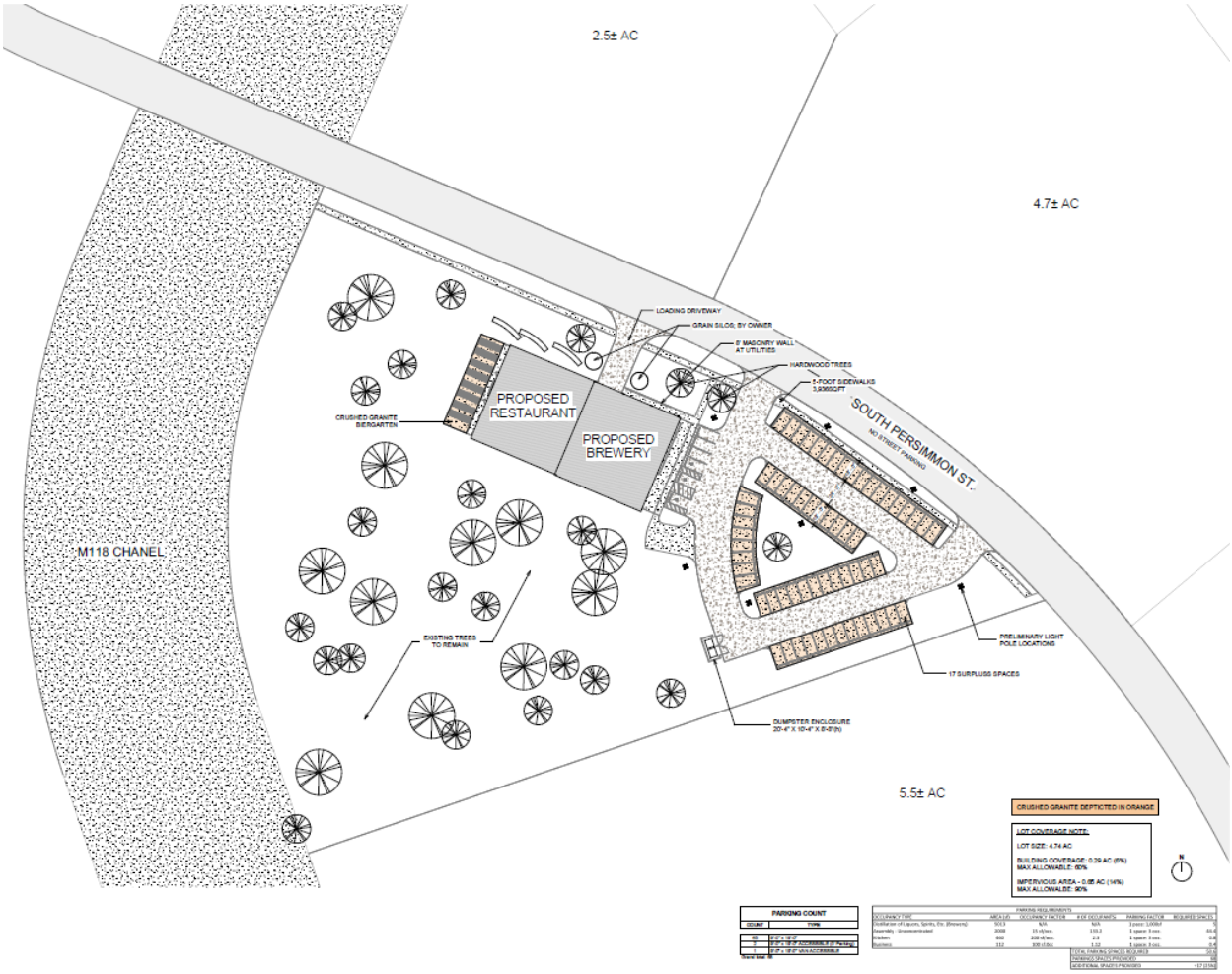


Exhibit B

Description of Improvements



EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF PROJECT STANDARD IN TOMBALL, TX

July 28, 2020

Prepared by:
Tomball Economic Development Corporation
29201 Quinn Rd., Suite B
Tomball, Texas 77375

Prepared using Total Impact

PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the Tomball Economic Development Corporation. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in Tomball Economic Development Corporation's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. Tomball Economic Development Corporation made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by Tomball Economic Development Corporation or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.

CONTENTS

Economic Impact
- Introduction..... 4
- Description of the Project..... 4
- Economic Impact Overview..... 4
- Temporary Construction Impact..... 6

Fiscal Impact
- Fiscal Impact Overview..... 7
  - Impact from Project and Workers..... 8

Public Support
- Non-Tax Incentives..... 10

Methodology
- Overview of Methodology 12
- About Impact DataSource..... 13

Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in the City of Tomball will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Project Standard involves the construction of a 10,500 square foot production brewery and restaurant facility on 4.6 acres in the Tomball Business & Technology Park.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the community. The 55.0 workers directly employed by the Project will earn approximately $52,000 per year on average over the next 10 years. This direct activity will support 38.6 indirect and induced workers in the community earning $49,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately $46.4 million over the next 10 years.

On average, the Project will generate $22.8 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce $7.9 million in economic output per year as a result of the Project. In total, the Project will support $30.6 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the Project's employment estimates.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately $93.6 million in taxable sales over the next 10 years.

Table 1. Economic Impact Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of permanent direct, indirect, and induced jobs to be created	55.0	38.6	93.6
Salaries to be paid to direct, indirect, and induced workers	$27,923,101	$18,462,753	$46,385,854
Economic output generated by direct, indirect, and induced activity	$227,821,945	$78,530,224	$306,352,170
Taxable sales and purchases expected in the City	$93,121,584	$516,957	$93,638,541

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

Table 2. Population Impacts Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the City	1.6	1.1	2.7
Number of new residents in the City	4.2	2.8	7.0
Number of new residential properties to be built in the City	0.1	0.0	0.1
Number of new students expected to attend local school district	0.8	0.6	1.4

The Project is estimated to support an average of approximately $3.9 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 3. Value of Taxable Property Supported by the Project Over the Next 10 Years

		The Project's Property					Total
Year	New Residential Property	Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Inventories	Subtotal Nonresidential Property	Residential & Nonresidential Property
1	$21,340	$709,656	$2,000,000	$1,500,000	$100,000	$4,309,656	$4,330,996
2	$21,767	$723,849	$2,040,000	$1,350,000	$102,000	$4,215,849	$4,237,616
3	$22,202	$738,326	$2,080,800	$1,200,000	$104,040	$4,123,166	$4,145,368
4	$22,646	$753,093	$2,122,416	$1,050,000	$106,121	$4,031,629	$4,054,276
5	$23,099	$768,154	$2,164,864	$900,000	$108,243	$3,941,262	$3,964,361
6	$23,561	$783,518	$2,208,162	$750,000	$110,408	$3,852,087	$3,875,648
7	$24,032	$799,188	$2,252,325	$600,000	$112,616	$3,764,129	$3,788,161
8	$24,513	$815,172	$2,297,371	$450,000	$114,869	$3,677,412	$3,701,925
9	$25,003	$831,475	$2,343,319	$300,000	$117,166	$3,591,960	$3,616,963
10	$25,503	$848,105	$2,390,185	$300,000	$119,509	$3,657,799	$3,683,302

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Temporary Construction Impact

The Project will include an initial period of construction where $2.0 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

Table 4. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

			Amount
Total construction expenditure			$2,000,000
	Materials	*$1,000,000*	
	Labor	*$1,000,000*	
Temporary Construction Workers Supported (Average Earnings = $51,300)			19.5

The following table presents the temporary economic impacts resulting from the construction.

Table 5. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	19.5	14.5	34.0
Salaries to be paid to direct, indirect, and induced workers	$1,000,000	$522,400	$1,522,400
Revenues or sales for businesses related to construction	$2,000,000	$1,778,600	$3,778,600

** A job year is defined as full employment for one person for 2080 hours in a 12-month span.*

Sales tax calculations related to construction activity are presented in the following table. The sales tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts in Year 1 of this analysis.

Table 6. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	$1,000,000
Percent of Materials subject to local tax	50.0%
Subtotal Taxable Materials	$500,000
Expenditure for Labor / Paid to construction workers	$1,000,000
Percent of gross earnings spent on taxable goods and services	24.0%
Percent of taxable spending done locally	10.0%
Subtotal Taxable Construction Worker Spending	$24,000
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	$1,500,000
Percent of FF&E subject to local tax	10.0%
Subtotal Taxable FF&E Purchases	$150,000
Total Construction-Related Taxable Spending	$674,000

The above construction analysis focuses on the impact resulting from the Project's construction investments identified in Year 1. If construction will be phased in over several years or an expansion is planned in a later year, parallel calculations will be performed for those years.

Fiscal Impact Overview

The Project will generate additional benefits and costs for the City. Overall, the City will receive approximately $1,929,100 in net benefits over the 10-year period. The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

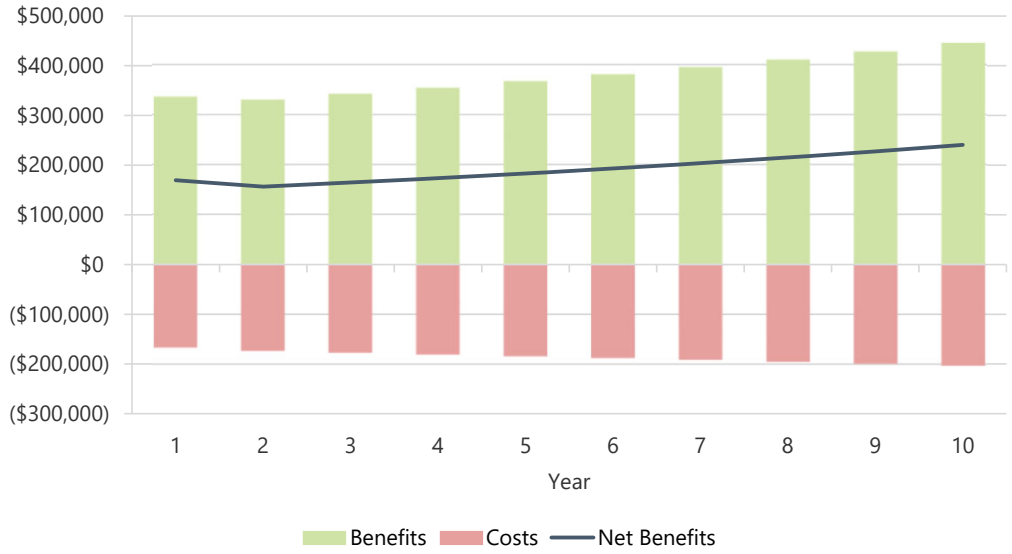
Table 7. City of Tomball: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Sales Taxes	$1,872,771
Property Taxes - Project	$133,731
Property Taxes - New Residential	$798
Utility Revenue	$1,642,466
Utility Franchise Fees	$28,189
Building Permits and Fees	$6,990
Hotel Occupancy Taxes	$0
Miscellaneous Taxes & User Fees	$102,452
Subtotal Benefits	$3,787,396
Cost of Providing Municipal Services	($133,688)
Cost of Providing Utility Services	($1,724,589)
Subtotal Costs	($1,858,277)
Net Benefits	$1,929,120
Present Value (5% discount rate)	*$1,462,078*

Table 8. Year-by-Year Benefits, Costs, and Net Benefits for the City of Tomball

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	$336,319	($166,759)	$169,560	$169,560
2	$330,144	($173,407)	$156,738	$326,297
3	$341,881	($176,875)	$165,006	$491,303
4	$354,232	($180,412)	$173,820	$665,123
5	$367,237	($184,020)	$183,216	$848,339
6	$380,934	($187,701)	$193,233	$1,041,572
7	$395,367	($191,455)	$203,912	$1,245,485
8	$410,583	($195,284)	$215,299	$1,460,783
9	$426,629	($199,190)	$227,439	$1,688,222
10	$444,071	($203,173)	$240,898	$1,929,120
Total	$3,787,396	($1,858,277)	$1,929,120	

Figure 1. Annual Fiscal Net Benefits for the City of Tomball



Impact from Project and Workers

The City will receive benefits from the activity, spending, and investments associated with (1) the Project and (2) the workers. These benefits, associated costs, and resulting net benefits for the next 10 years are shown below for these two categories.

Table 9: Net Benefits to the City from the Project and Workers

	The Project	Workers	Total
Sales Taxes	$1,846,795	$25,976	$1,872,771
Real Property Taxes	$101,310	$0	$101,310
FF&E Property Taxes	$28,682	$0	$28,682
Inventory Property Taxes	$3,739	$0	$3,739
New Residential Property Taxes	$0	$798	$798
Utility Revenue	$1,599,451	$43,015	$1,642,466
Utility Franchise Fees	$25,370	$2,819	$28,189
Building Permits and Fees	$6,990	$0	$6,990
Hotel Occupancy Taxes	$0	$0	$0
Miscellaneous Taxes & User Fees	$91,204	$11,248	$102,452
Subtotal Benefits	$3,703,540	$83,856	$3,787,396
Cost of Providing Municipal Services	($119,039)	($14,648)	($133,688)
Cost of Providing Utility Services	($1,679,423)	($45,166)	($1,724,589)
Subtotal Costs	($1,798,462)	($59,814)	($1,858,277)
Net Benefits	$1,905,078	$24,042	$1,929,120
Percent of Total Net Benefits	*98.8%*	*1.2%*	

Non-Tax Incentives

At the request of the firm, The City of Tomball may consider abating taxes on the firm's property. The table below identifies the type of firm property for which the city may consider abating taxes.

Table 14. Incentives Under Consideration

Year	Enter Incentive Description
1	$254,502
2	$0
3	$0
4	$0
5	$0
6	$0
7	$0
8	$0
9	$0
10	$0
Total	$254,502

These financial incentives may be considered an investment in the Project made by the EDC and/or City. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

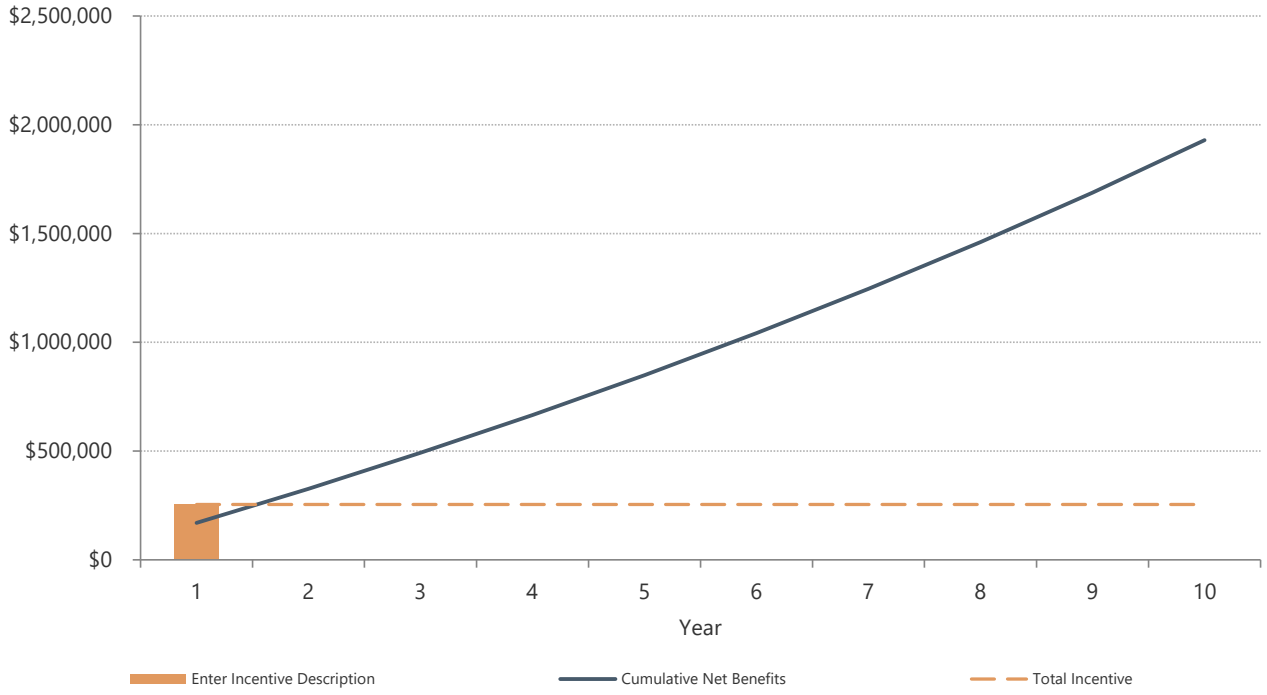
Table 15. Analysis of Incentives

Total Non-Tax Incentive	$254,502
Incentive Per Job	$4,627
Rate of Return - 5 Years	66.7%
Rate of Return - 10 Years	75.8%
Payback period (years)	1.5

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 2. Incentives Under Consideration



Overview of Methodology

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

312120 Breweries		City	County
Employment Multiplier	(Type II Direct Effect)	1.7030	2.3976
Earnings Multiplier	(Type II Direct Effect)	1.6612	2.3146

The fiscal impacts calculated in this report are detailed in Appendix C. Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach. This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by the city and county to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs. This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

Additionally, this analysis seeks to calculate the impact on the school district's finances from the Project by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls, and the local taxes that this generates, reduces the amount of state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and the corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve the Tomball Economic Development Corporation (TEDC) 2020-2021 Strategic Work Plan

Background:
The TEDC Bylaws require that the Corporation prepare an annual work plan outlining its goals and objectives and present the work plan to City Council for approval.

The 2020-2021 Strategic Work Plan further defines the goals that are outlined in the 3-Year Plan and includes applicable action steps for each goal. Additionally, metrics/key performance indicators are included to gauge the Corporation's progress in achieving its goals.

Origination:
Tomball Economic Development Corporation Board of Directors

Recommendation:
Approve the 2020-2021 TEDC Strategic Work Plan.

Party(ies) responsible for placing this item on agenda:
Kelly Violette, Executive Director, Tomball Economic Development Corporation

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

TEDC 2020-2021 Strategic Work Plan


TOMBALL
ECONOMIC DEVELOPMENT CORPORATION
BAKER HUGHES
Strategic Work Plan 2020-2021

MISSION

To promote economic development in the City of Tomball through the attraction of new business and industry and the retention of existing businesses by providing the resources that enhance the general well-being of the community.

VISION

Tomball is the community of choice for businesses, residents, and visitors, offering a dynamic economy, strong labor force, and unmatched living and working environment.

The following Strategic Work Plan outlines the items from the 2020-2023 Strategic Plan that are to be accomplished in the first year: 2020-2021

Tomball EDC 2020-2023 Goals:

1. BUSINESS RETENTION & EXPANSION (BRE)
2. ATTRACTION & RECRUITMENT
3. DEVELOPMENT/REDEVELOPMENT OF OLD TOWN
4. INNOVATION & ENTREPRENEURSHIP
5. EDUCATION & WORKFORCE DEVELOPMENT



GOAL 1

BUSINESS RETENTION & EXPANSION (BRE)

To continually engage and assist in the success of Tomball businesses.

1. Conduct 12 BRE on-site or virtual visits per quarter.
2. Conduct an annual online business survey to identify and manage business needs.
3. Assist Tomball companies that have been impacted by COVID-19.
   (a) Identify businesses that have successfully pivoted during COVID-19 and share their success stories.
   (b) Continually update the Tomball together website and promote it as a primary resource for business recovery.
4. Produce programming that meets the needs of the existing industry leaders in Tomball.
   (a) Host a business information resource forum/event for existing business owners.
   (b) Host quarterly Business Roundtable meetings to connect local business owners and further develop relationships.
   (c) Intentionally celebrate Tomball's legacy businesses and milestone anniversary dates.
   (d) Expand the Economic Outlook Luncheon
5. Acquire customer relationship management (CRM) software and develop a comprehensive database.

How will Goal #1 be Measured in 2020-2021?

# of Tomball businesses visited in person or virtually in 2020-2021? _____ (goal is 48)

Did we conduct an online business survey to identify and manage business needs?

# of Tomball businesses that we identified and shared their stories of triumph and thriving during COVID-19? _____

Did we host a business forum or event for the benefit of existing business owners in 2020-2021?

# of Quarterly Business Roundtables hosted in 2020-2021? _____

Did we expand the Economic Outlook Luncheon?

# of Tomball businesses we celebrated their years of service in 2020-2021? _____

Did we acquire a CRM database?



ATTRACTION AND RECRUITMENT

Recruit and secure new businesses/industry that are suitable for Tomball.

1. Use Target Industry Analysis (TIA) to develop marketing and branding materials that respond to key information needs of site selectors and appeal to industries identified in TIA.
2. Attend trade shows and industry events that provide opportunities to market to key industry decision makers.
3. Continue developing and maintaining relationships with businesses, site selectors, brokers, and developers.
4. Explore opportunities and partnerships that support the creation of a business innovation center.
5. To have 95% of available Business & Technology Park property sold or under contract.
6. Secure an occupant for the vacant South Live Oak Business Park Building.

How will Goal #2 be Measured in 2020-2021?

# of Targets in TIA we developed marketing materials and ad campaigns around? _____ # of trade shows and industry events attended? _____

Did we explore opportunities in 2020-2021 for a business innovation center?

% of Business & Technology Park sold or under contract by end of 2020-2021? _____ (goal is 95%)

Did we secure an occupant for South Live Oak Business Park Building?



GOAL 3: DEVELOPMENT/REDEVELOPMENT OF OLD TOWN

To encourage quality investment in Tomball's Old Town.

1. Partner with the City of Tomball on targeted infrastructure improvements (alleyways, parking, wayfinding, etc.) that enhance Old Town's tourism readiness and experience.
2. Invest in strategic anchor projects that have the potential to catalyze development in Old Town.
3. Continue to promote improvement grants and explore additional ways to encourage upgrades to properties.
4. Research Case Studies of successful Texas downtown revitalization efforts and develop strategy recommendations.
5. Work with Old Town property owners to market available properties and investment opportunities.
6. Partner with the Tomball Chamber to design and execute a Shop Local initiative, perhaps leveraging #TomballTogether branding.

How will Goal #3 be Measured in 2020-2021?

Did we support targeted infrastructure improvements in Old Town?

Did we invest in anchor projects?

Did we promote improvement grants and other property upgrade ideas in Old Town?

Did we research Case Studies of successful Texas downtown revitalization efforts?

Did we work with property owners to market properties and opportunities?



INNOVATION AND ENTREPRENEURSHIP

To create innovative solutions to support emerging entrepreneurs.

1. Evaluate the feasibility of creating a culinary incubator space:
   a. Consider incorporation of a food hall concept.
   b. Continue partnership discussions with the Farmer's Market Association, Lone Star College –Tomball and Tomball ISD.
   c. Consider a small business services component that houses co-working space, meeting rooms, etc.
2. Create a Tomball Entrepreneurship Training Workshop Series to assist new and existing small business owners.
3. Continue to explore creative coworking spaces to assist emerging entrepreneurs.

How will Goal #4 be Measured in 2020-2021?

Did we fully explore the feasibility of creating a culinary incubator?

Did we consider the incorporation of a food hall concept?

Did we consider a small business services concept?

Did we create a Tomball Entrepreneurship Training Workshop Series?

Did we explore creative coworking spaces to assist emerging entrepreneurs?

GOAL 5

EDUCATION AND WORKFORCE DEVELOPMENT

Partner with Tomball ISD, Lone Star College-Tomball, City of Tomball, Greater Tomball Area Chamber of Commerce, and local industries to further develop youth workforce initiatives.

1. Research and evaluate workforce programs and partner with local organizations to define areas of interest.
2. Enhance existing STEAM initiative to include multiple businesses and industry partners.
3. Continue to work with TISD and LSC-Tomball to support job and career fairs.

How will Goal #5 be Measured in 2020-2021?

Did we evaluate workforce programs and partner with others to define areas of interest?

# of additional partners/businesses we enhanced the STEAM initiative to include? _____

Did we support a youth job fair with TISD in the 2020-2021 school year?

Did we support a career fair with Lone Star College - Tomball in the 2020-2021 school year?



Facilitated by Opportunity Strategies LLC

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve the Tomball Economic Development Corporation (TEDC) 2020-2023 Strategic Plan

Background:
The 3-Year Strategic Plan outlines high-level goals and objectives to guide the Tomball EDC's efforts over the next several years.

Five strategic goals have been defined in response to our stakeholder survey and the economic development elements of the City of Tomball's Comprehensive Plan. The goals are listed below.

2020-2023 Goals

1. Business Retention & Expansion (BRE)
2. Attraction & Recruitment
3. Development/Redevelopment of Old Town
4. Innovation & Entrepreneurship
5. Education & Workforce Development

Origination:
Tomball Economic Development Corporation Board of Directors

Recommendation:
Approve the 2020-2023 TEDC Strategic Work Plan.

Party(ies) responsible for placing this item on agenda:
Kelly Violette, Executive Director, Tomball Economic Development Corporation

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

2020-2023 Strategic Plan



Economic Development Strategic Plan 2020-2023



Tomball Economic Development Corporation (EDC) modified its 2020 process for strategic planning due to concerns regarding COVID-19. Prior to the board planning retreat, staff and the Opportunity Strategies LLC facilitator submitted online survey questions to community stakeholders asking for feedback regarding the EDC's future goals.

On June 22, 2020, the Tomball EDC met to consider the feedback received and develop the 2020-2023 Economic Development Strategic Plan.

The Tomball EDC will help fulfill the goals adopted by the City of Tomball in the recent Comprehensive Plan. There are six goals in the Comprehensive Plan, two of which the Tomball EDC plans to help accomplish:

- Goal #4: Community Livability
- Goal #5: Economic Development

Goal #4: Community Livability is described as: **Continue to recognize Old Town as an important economic and cultural center of the community and promote Tomball's sense of place in all projects.**

Goal #5: Economic Development is described as: **Identify areas of reinvestment and re-imaging so that all parts of Tomball contribute to a prosperous future.**

There are specific Objectives and Action Items that Tomball EDC agrees to help achieve. They include the following:

- **Objective CL 4.2: Develop a citywide plan for beautification, which would include gateways, wayfinding signage, enhanced landscaping, etc.**
  - Action CL 4.2.1: Establish a program to fund community image enhancement projects in Tomball.
    - *Gateways (Signature, Primary, Secondary, Downtown)*
    - *Bridge Interchange Enhancements (Landscape, art, etc.)*
    - *Streetscape Median Enhancements (Old Town, Tomball Parkway)*
    - *Downtown Enhancements (walkways, alleyways, wayfinding, etc.)*

- **Objective ED 5.1: Reevaluate the long-term development potential of the areas abutting Tomball Parkway.**
  - Action ED 5.1.1: Re-envision Tomball Parkway to better meet the needs of the community and provide and promote complimentary land uses around this investment.
    - *Center Median, Landscape, Streetscape*
    - *Regional Detention*
    - *Infrastructure Improvements*
    - *TIF Zone*
  - Action ED 5.1.2: Compliment investments into Tomball Parkway as a source for economic growth.
    - *Real Estate Market Study*

- **Objective ED 5.3: Maintain a balance in the differing economic sectors to promote sustainable economic health for the community.**
  - Action ED 5.3.2: Pursue and encourage entertainment options for local Tomball residents.
    - *Public Private Partnerships*

- **Objective ED 5.4: Build and support partnerships with local and regional entities and economic stakeholders.**
  - Action ED 5.4.1: Continue to use City resources as a means to assist economic development, including the annual budget, the CIP, and other programs.
  - Action ED 5.4.2: Support workforce preparation in local schools and colleges.
  - Action ED 5.4.5: Evaluate opportunities to increase entrepreneurship in Tomball.
    - *Business Incubator*

Tomball EDC then revised the Mission and Vision Statements, developed the following five goals for 2020-2023, and decided on the following strategies for implementation. Metrics are included in each year's separate annual Strategic Work Plan document.

MISSION

To promote economic development in the City of Tomball through the attraction of new business and industry and the retention of existing businesses by providing the resources that enhance the general well-being of the community.

VISION

Tomball is the community of choice for businesses, residents, and visitors, offering a dynamic economy, strong labor force, and unmatched living and working environment.

2020-2023 Goals

1. Business Retention & Expansion (BRE)
2. Attraction & Recruitment
3. Development/Redevelopment of Old Town
4. Innovation & Entrepreneurship
5. Education & Workforce Development



GOAL 1

BUSINESS RETENTION & EXPANSION (BRE)

To continually engage and assist in the success of Tomball businesses.

1. Continue to develop and expand the BRE Program to enhance relationships with existing businesses and industries and determine present and future needs.
2. Facilitate coordination efforts with the City, County, and State to assist with expansion opportunities.
3. Establish programs and strategies for disaster response and recovery to enhance business resilience.
4. Develop programming that brings value and resources to area businesses.
5. Develop a comprehensive customer relationship management (CRM) system.





GOAL 2

ATTRACTION AND RECRUITMENT

Recruit and secure new businesses/industry that are suitable for Tomball.

1. Develop an attraction and recruitment strategy based on the Target Industry Analysis (TIA) to market to industries and companies included in targets.
2. Develop marketing and branding materials that promote Tomball's quality of life and business climate.
3. Participate in selected trade missions and industry events to attract targeted industries and Foreign Direct Investment.
4. Cultivate relationships and expand networks with executives, site selectors, brokers, and developers.
5. Invest in key properties and infrastructure projects that support the growth of existing employers and the attraction of new businesses.
6. Continue to market the Tomball Business & Technology Park and South Live Oak Business Park as locations for new and expanding companies.



GOAL 3

DEVELOPMENT/ REDEVELOPMENT OF OLD TOWN

To encourage quality investment in Tomball's Old Town.

1. Support targeted infrastructure improvements and capital projects that will encourage growth and investment in the Old Town area.
2. Invest in catalyst projects that represent significant transformative opportunities.
3. Develop and promote programs and incentives to encourage improvements to Old Town properties.
4. Support community partners specifically targeting tourists with advertising campaigns to visit Old Town and stay overnight.
5. Target and attract tourism-generating land uses, including breweries, distilleries, event venues, etc.
6. Develop a platform for engaging property owners and merchants in Old Town.
7. Partner with the Greater Tomball Area Chamber of Commerce to develop and implement a "Shop Local" initiative to support Old Town businesses.



GOAL 4

INNOVATION AND ENTREPRENEURSHIP

To create innovative solutions to support emerging entrepreneurs.

1. Evaluate the feasibility of creating a culinary incubator space.
2. Partner with the Farmer's Market Association to leverage assets and develop complementary resources/opportunities.
3. Partner with existing businesses to develop and promote cross-industry innovation and collaboration.
4. Partner with area organizations to provide small business entrepreneurship resource workshops and training material.

GOAL 5

EDUCATION AND WORKFORCE DEVELOPMENT

Partner with Tomball ISD, Lone Star College-Tomball, City of Tomball, Greater Tomball Area Chamber of Commerce, and local industries to further develop youth workforce initiatives.

1. Promote certification programs, apprenticeships/internships, and scholarship opportunities.
2. Develop opportunities to engage students in science, technology, engineering, arts, and mathematics (STEAM) programs with industry practitioners.
3. Support job and career fairs at local educational institutions.
4. Continue to seek and support innovative partnerships between existing employers and educators, including the Tomball ISD Academy of Energy and International Business.



Facilitated by Opportunity Strategies LLC

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve the Tomball Economic Development Corporation (TEDC) Fiscal Year 2020-2021 Budget

Background:
The TEDC Bylaws require that the Corporation prepare and submit to Council an annual budget of expected revenues and proposed expenditures for the next ensuing fiscal year.

The TEDC Board of Directors approved the FY 2020-2021 Budget on August 11, 2020.

Origination:
Tomball Economic Development Corporation Board of Directors

Recommendation:
Approve the Fiscal Year 2020-2021 TEDC Budget.

Party(ies) responsible for placing this item on agenda:
Kelly Violette, Executive Director, Tomball Economic Development Corporation

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Budget Notes
FY 2020-2021 TEDC Budget
TEDC Account Descriptions
Budget Workshop Presentation

TOMBALL
ECONOMIC DEVELOPMENT CORP.

TO: Honorable Mayor and City Council

FROM: Kelly Violette
Executive Director

DATE: September 8, 2020

SUBJECT: FY 2020-2021 Budget Notes

This memo provides an overview of the line items that have been increased or decreased in the Proposed FY 2020-2021 TEDC Budget from the current budget. For an explanation of each line item (account) in the budget, please refer to the FY 2020-2021 Account Descriptions document.

Beginning Fund Balance, Revenues, and Total Available Resources

Sales tax revenues are projected to be lower than originally budgeted for FY 2019-2020 based upon collections actually received from the State. Sales tax revenues at year end are projected to be $3,850,000.00. Interest revenue is projected at $375,000 versus the budgeted $425,000. We remain conservative in our revenue estimations for FY 2020-2021 and are projecting total sales tax and interest revenues to be approximately $4,200,000 by year end. Additional revenue includes $5,500 in grant funds received from CenterPoint Energy for event sponsorships and staff continuing education. Other revenue may include land sales in the Tomball Business & Technology Park as well as rental income from the South Live Oak Business Park.

Administrative

- **Salary and Benefits:** Salary and benefit calculations were provided by the City of Tomball Human Resources Director. The budget includes a 2% increase for TEDC staff; however, this will not take effect until the TEDC Board authorizes such.

Service and Supply Expenditures

- **Insurance:** The budget amount reflects an increase from $2,200 to $18,000 based on insurance coverage for the monument signs and mailbox structure at the Tomball Business & Technology Park as well as coverage for the South Live Oak Business Park.

- **Lease Expense-GTACC:** This item has been increased by an additional $12,000 to account for shared administrative and receptionist services.

Indirect Economic Development Expense

- **Area Street Maps:** The area street maps are typically printed every other year by the Greater Tomball Area Chamber of Commerce (GTACC). New maps are anticipated to be printed in FY21.

- **Economic Impact Model License:** The renewal licensing fee for the Economic Impact Model developed by Impact Data Source for analyzing the economic impacts of proposed TEDC projects is $4,430 (3% annual increase per contract).

City Debt Service

- **Southside Sewer Plant (1999 CO-2/15/2019):** The final payment on this bond was made in March 2019.

- **Business Park Infrastructure (Series 2013):** This item reflects the FY 2019-2020 payment according to the debt service schedule for Certificates of Obligation, Series 2013.

Grants, Loans & Other Expenditures

- **Sales Tax Reimbursement Grants (380):** This item has been reduced from $60,000 to $50,000 to reflect the anticipated FY 2020-2021 sales tax reimbursement payment to BK 2920 under the performance agreement for the Revitalization of the Four Corners Shopping Center that was approved on August 20, 2012.

- **Property Acquisition:** $2.5 million has been budgeted for potential property acquisition to support economic development efforts.

- **Business Improvement Grants- Prior Year:** The budgeted amount reflects FY20 grants that have been approved, but not yet funded.

- **Old Town Façade Grants- Current Year:** This item has been increased from $200,000 to $250,000 due to program demand.

- **Old Town Façade Grants- Prior Year:** The budgeted amount reflects FY20 grants that have been approved, but not yet funded.

Tomball Economic Development Corporation
2020-2021 Proposed Budget
October 1, 2020 to September 30, 2021

	9/30/2018 Actual Rev./Exp.	9/30/2019 Actual Rev./Exp.	2019-2020 Approved Budget	2019-2020 Year End Projected	2020-2021 Proposed Budget
Beginning Fund Balance	$ 17,615,063	$ 20,352,059	$ 24,799,619	$ 24,799,619	$ 24,799,619
REVENUE					
Sales Tax	$ 4,135,137	$ 4,168,199	$ 4,000,000	$ 3,850,000	$ 3,850,000
Interest	290,474	551,967	425,000	375,000	350,000
Grants	5,500	5,500	5,500	5,500	5,500
Other - Land Sales and Lease Payments	949,334	2,596,223	-	421,243	-
Total Revenue	$ 5,380,445	$ 7,321,889	$ 4,430,500	$ 4,651,743	$ 4,205,500
Total Available Resources	$ 22,995,508	$ 27,673,948	$ 29,230,119	$ 29,451,362	$ 29,005,119
EXPENDITURES					
Administrative					
Salary and Benefits					
Salary-Executive Director	$ 109,001	$ 120,685	$ 126,745	$ 126,745	$ 129,332
Salary-Asst. Director	69,948	80,615	84,675	84,675	86,405
Benefits-Executive Director	41,871	50,206	45,009	45,009	45,693
Benefits-Asst. Director	43,465	52,031	46,284	46,284	45,972
Wages- Full-Time	9,840	40,527	45,188	41,188	42,058
Wages- Overtime			3,000	1,200	3,024
Benefits- Full-Time	806	24,281	25,771	20,000	18,529
Total Salaries and Benefits	$ 274,930	$ 368,345	$ 376,673	$ 365,101	$ 371,012
Other Personnel Expenditures					
Auto Allowances	$ 8,400	$ 8,400	$ 8,400	$ 8,400	$ 8,400
Phone Allowance - Executive Director	768	768	900	900	900
Phone Allowance - Assistant Director	768	768	900	900	900
Local Travel Expense	-	256	450	200	400
Dues and Subscriptions	6,044	7,514	9,000	9,000	9,000
Seminar/Conference Registrations	7,607	15,224	18,000	5,700	18,000
Travel and Training	13,461	19,527	30,000	10,550	30,000
Total Other Personnel Expense	$ 37,048	$ 52,456	$ 67,650	$ 35,650	$ 67,600
Service and Supply Expenditures					
Contracted Administrative Services	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Bank Charges & Postage	585	(344)	1,000	500	1,000
Insurance	2,166	1,743	2,200	6,000	18,000
Computer Equipment & Maintenance	4,592	2,910	5,000	5,000	5,000
Communications Services	2,933	3,286	4,500	3,800	4,500
Legal Fees	24,562	7,333	30,000	30,000	30,000
Lease Expense-GTACC	21,289	22,842	25,000	25,000	37,000
Office Equipment & Supplies	1,876	10,752	10,000	4,000	10,000
Total Service and Supply Expense	$ 83,003	$ 73,522	$ 102,700	$ 99,300	$ 130,500
Total Administrative Expenditures	$ 394,982	$ 494,324	$ 547,023	$ 500,051	$ 569,112
Indirect Economic Development Exp.					
Chamber Guide	$ 8,354	$ 8,354	$ 8,400	$ 8,400	$ 8,400
Area Street Maps	(3,875)	-	-	-	3,875
Marketing	95,354	63,450	87,000	87,000	87,000
Economic Impact Model License	4,052	4,174	4,300	4,299	4,430

Event Sponsorships	6,354	6,212	29,000	6,000	29,000
Promotional Items	4,928	6,574	6,500	6,500	6,500
Printing	3,978	4,503	6,500	6,500	6,500
Website and GIS	13,397	14,620	36,000	31,900	36,000
Professional Services	102,506	136,670	520,000	220,000	520,000
Miscellaneous	8,065	15,555	15,000	11,000	15,000
Total Indirect Expenditures	$ 243,113	$ 260,113	$ 712,700	$ 381,599	$ 716,705
City Debt Service					
Southside Sewer Plant (1999 CO-2/15/2019)	$ 188,148	$ 188,148	$ -	$ -	$ -
Utilities Expansion (2002 CO-2/15/2022)	370,000	370,000	370,000	370,000	370,000
Business Park Infrastructure (Series 2013)	533,613	536,113	533,463	533,463	535,663
Medical Complex/Persimmon (Series 2016)	-	-	222,222	222,222	222,222
Total Debt Service	$ 1,091,761	$ 1,094,261	$ 1,125,685	$ 1,125,685	$ 1,127,885
Grants, Loans & Other Expenditures					
Project Grants	$ 335,632	$ 361,735	$ 2,500,000	$ 227,000	$ 2,500,000
Sales Tax Reimbursement Grants (380)	48,989	52,312	60,000	50,139	50,000
Property Acquisition	-	-	6,000,000	5,002,018	2,500,000
Business Improvement Grants- Current Year	134,850	73,559	350,000	250,000	350,000
Business Improvement Grants- Prior Year	188,879	91,000	160,000	81,169	215,300
Old Town Façade Grants- Current Year	-	-	200,000	107,000	250,000
Old Town Façade Grants- Prior Year				-	130,000
Business Park Expenses	73,720	434,471	775,000	315,000	775,000
Total Grants/Loans/Other	$ 782,070	$ 1,013,078	$ 10,045,000	$ 6,032,326	$ 6,770,300
Total All Expenditures	$ 2,511,925	$ 2,861,775	$ 12,430,407	$ 8,039,661	$ 9,184,002
Revenues Over (Under) Expenditures	$ 2,868,520	$ 4,460,114	$ (7,999,907)	$ (3,387,918)	$ (4,978,502)
Other Income/Losses on Investments	$ 131,524	$ 12,554	$ -		
Ending Fund Balance	$ 20,352,059	$ 24,799,619	$ 16,799,712	$ 21,411,701	$ 19,821,117

Tomball Economic Development Corporation
FY 2020-2021 Budget
Account Descriptions

REVENUE

- Sales Tax: Those revenues received from the State of Texas and through the City of Tomball for the $0.005 portion of the $0.020 sales tax revenues collected within the City limits of Tomball.

- Interest: Those revenues received from financial institutions for balances on hand and from funds that have been invested.

- Grants: Those revenues received from additional sources such as CenterPoint Energy for support of the Corporation's activities, including the Annual Economic Outlook Event, marketing collateral, and continuing education.

- Other: Those revenues received from the sale or lease of TEDC-owned property.

EXPENDITURES

Administrative:

- Salaries - Administrative: The amount reimbursed to the City of Tomball for the salary paid to the Executive Director and Assistant Director of the Tomball Economic Development Corporation. This amount includes holiday, vacation, sick, and longevity pay.

- Benefits: The amount reimbursed to the City of Tomball for the benefits paid to, or on behalf of, TEDC staff. This amount includes social security taxes, medicare taxes, employer matched funds to the Texas Municipal Retirement System, health insurance premiums, and worker compensation insurance.

- Wages- Other: Wages for nonexempt (hourly) TEDC employees.

- Wages- Overtime: Wages for hours worked, by non-exempt employees, during any FLSA-defined workweek, which exceed 40 hours and are approved in advance by the Executive Director.

Other Personnel Expenditures:

- Auto Allowances: Monthly stipends allocated to cover business travel expenses and mileage within a 50-mile radius of Tomball.

- Phone Allowances: Monthly stipends allocated to cover business-related cell phone expenses for eligible TEDC staff.

- Local Travel Expenses: The amount allocated to cover business travel expenses and mileage within a 50-mile radius of Tomball for non-exempt TEDC staff.

- Dues and Subscriptions: Fees charged for memberships and related expenses to professional organizations, subscriptions and software.

- Seminar/Conference Registrations: Fees for the Tomball Economic Development Corporation staff and board members to attend conferences, events, and professional training seminars.

- Travel and Training: The costs associated with attending classes, seminars, events, trade shows and for related travel expenses. This includes hotel rooms where overnight stay is reasonable, the cost of related meals, airfare, and car rental where reasonable, parking and toll fees, and for mileage. Reimbursable mileage for exempt staff is limited to a destination that exceeds a 50-mile radius of the City of Tomball.

Service and Supply Expenditures

- Contracted Administrative Services: The cost of administrative services provided to the Tomball Economic Development Corporation by City of Tomball personnel as indicated in the Administrative Services Agreement entered into between the Tomball Economic Development Corporation and the City of Tomball.

- Bank Charges: The various service charges for maintaining a bank account, including wire transfer fees, safekeeping fees for investments, and actual operating account fees based on the account analysis.

- Insurance: The cost of surety bonding fees and insurance premiums for the following types of insurance: General Liability, Errors and Omissions, and Property Content at 29201 Quinn Road, Suite B, Tomball, Texas.

- Computer Equipment and Maintenance: The cost of computer equipment and related expenses.

- Communication Services**:** The cost of telephone service, including land line phone base rate charges, DSL service, and long-distance charges.

- Legal Fees: Expenses incurred for legal services related to document and agreement preparation and obtaining advice and opinions from legal counsel related to Tomball Economic Development Corporation business activities.

- Lease Expense-GTACC: Payment to the Greater Tomball Area Chamber of Commerce for leased office space at 29201 Quinn Road, Suite B, Tomball, Texas.

- Office Equipment & Supplies: The cost of various office supplies, postage, and equipment.

Indirect Economic Development Expenditures:

- Chamber Guide: Expenses related to the TEDC advertisement and publication of a map of the Tomball area in the annual Greater Tomball Area Chamber of Commerce magazine.

- Area Street Maps: The expenses incurred for the production and publication of maps of Tomball and the surrounding area that are issued free of charge to individuals and businesses to promote travel, tourism, and the commercial industry in Tomball.

- Marketing**:** Expenses related to marketing Tomball to attract business, industry, and visitors, including advertisements in printed and digital publications, information packages, brochures, and related marketing collateral material.

- Economic Impact Model License: The annual licensing fee for the economic impact analysis model utilized by the TEDC to calculate the economic impact of a prospect firm/project and related costs and benefits to the City of Tomball.

- Event Sponsorships**:** Costs to sponsor/co-sponsor events that foster relationships with businesses, site location consultants, brokers, real estate professionals, regional allies, and others influencing business location and capital investment decisions.

- Promotional Items: The costs associated with TEDC promotional products, giveaways, and event favors.

- Printing: The cost of printing various items including, but not limited to, Notice of Project/Public Hearing, brochures, presentation boards, community profiles, business resource guides, stationary, etc.

- Website and GIS: Costs to maintain the Tomball Economic Development Corporation's website, including web hosting, property database services, analytics platforms, and online GIS software.

- Professional Services: Consulting fees, engineering fees, photography, graphics and design services, and other professional services incurred in expanding the economic base of Tomball.

- Miscellaneous: Other expenses including, but not limited to, meals with potential business developers, name plates for Board meetings, post office box fees, etc.

City Debt Service

- Southside Sewer Plant (1999 CO-2/15/2019): Contributions to debt repayment for the wastewater treatment plant built on the south side of Tomball to accommodate expanded industry in the City. Final debt payment was made in 2019.

- Utilities Expansion (2002 CO-2/15/2022): Contributions to debt repayment for the extension of utilities from FM 2920 south on Hufsmith-Kohrville Road to Holderrieth Road, west to SH 249 and north to Theiss Road.

- Business Park (Series 2013): Contributions to debt repayment for the construction of utilities, roads, drainage facilities, etc. for the Tomball Business and Technology Park Project located at the northwest corner of Hufsmith-Kohrville and Holderrieth Roads.

- Medical Complex/Persimmon (Series 2016): Contributions to debt repayment for the construction of utilities, roads, drainage facilities, etc. for the extension of Medical Complex Drive Segment 4B and South Persimmon Street from Agg Road/Medical Complex Drive south to the Tomball Business & Technology Park.

Grants, Loans & Other Expenditures

- Project Grants: Grant funds designated by the Tomball Economic Development Corporation's Board of Directors and approved by the Tomball City Council waiting for contract fulfillment in order to be disbursed.

- Sales Tax Reimbursement Grants (380): Sales tax reimbursements made in accordance with economic development incentive agreements approved by the Tomball Economic Development Corporation's Board of Directors and the Tomball City Council.

- Property Acquisition: Costs associated with the acquisition of land related to the development of the Tomball Business and Technology Park.

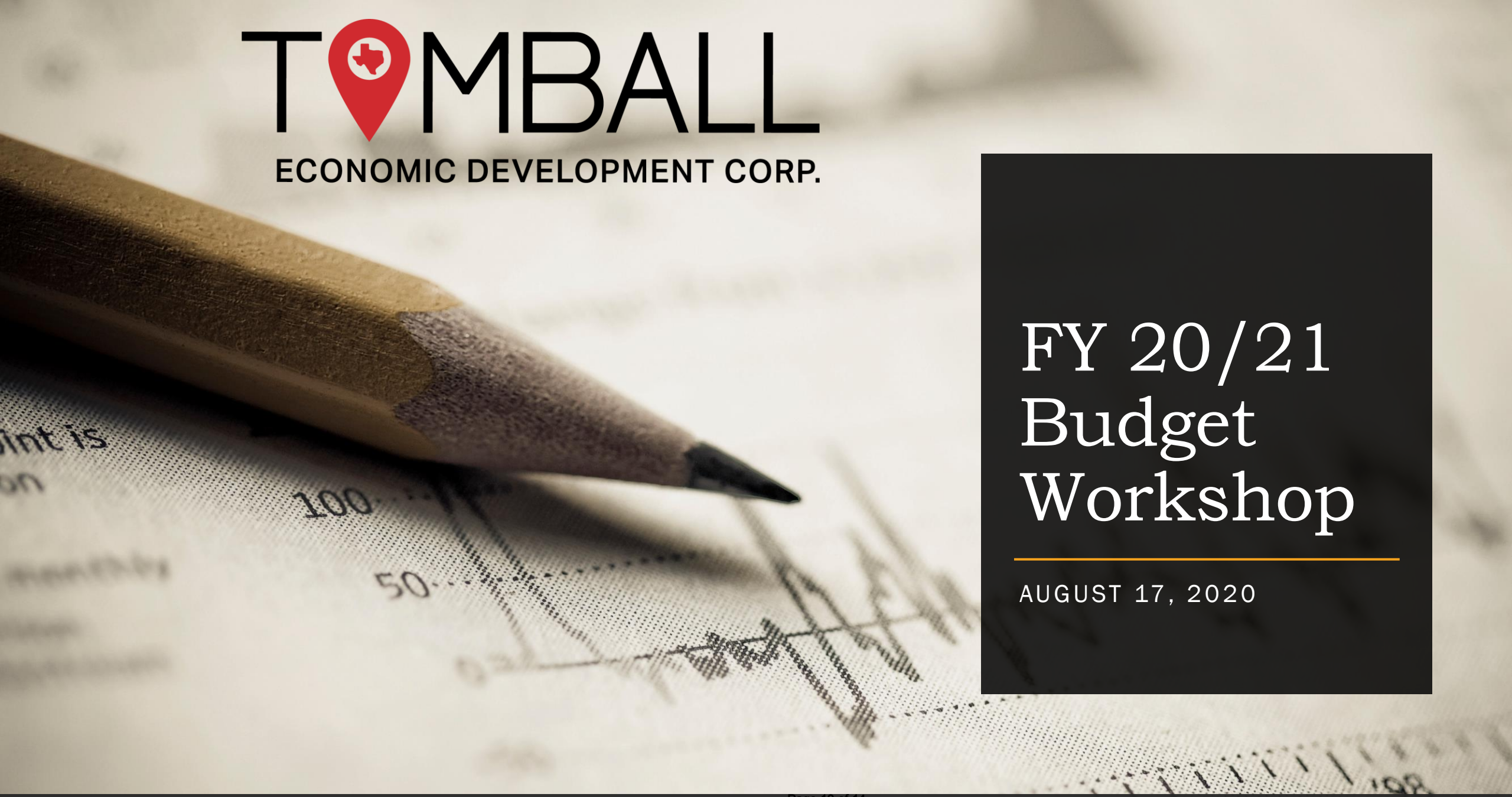
- Business Improvement Grants- Current Year: Funds allocated to enhance the economic development of the City of Tomball through matching grants for façade or exterior improvements to buildings, sign improvements, landscaping, or other exterior property improvements.

- Business Improvement Grants- Prior Year: Improvement grant funds approved in the prior fiscal year waiting for contract fulfillment in order to be disbursed.

- Old Town Façade Grants: Funds allocated to enhance the economic development of the City of Tomball through grants to property and business owners seeking to rehabilitate commercial buildings located in the Old Town Tomball area.

- Old Town Façade Grants- Prior Year: Improvement grant funds approved in the prior fiscal year waiting for contract fulfillment in order to be disbursed.

- Business Park Expenses: Expenses related to the development and maintenance of the Tomball Business & Technology Park and South Live Oak Business Park.



FY 20/21 Budget Workshop

AUGUST 17, 2020

FY 20/21 Budget Highlights

- Budgeting for a 5% reduction in revenue
- Personnel: 2% salary increase
- Insurance changes due to the South Live Oak property & Tomball Business & Tech Park property ($2,200 to $18,000)
- GTACC lease expense increase for shared admin. services (additional $12,000)
- Increase of $50,000 to Old Town Façade Improvement Grant (FIG) Program budget
- Includes $2.5m for Project Grants
- Includes $2.5m for Property Acquisition

- **Ending Fund Balance: $ 19,821,117**

Beginning Fund Balance, Revenues, & Total Available Resources

2020/2021 Beginning Fund Balance: $ 24,799,619

Sales Tax Revenue

- 2019/2020 Projected Collections: $ 3,850,000 ($4m budgeted, 4.26% ↓ from last year)
- 2020/2021 Revenue Estimations: $ 3,850,000

Interest Revenue

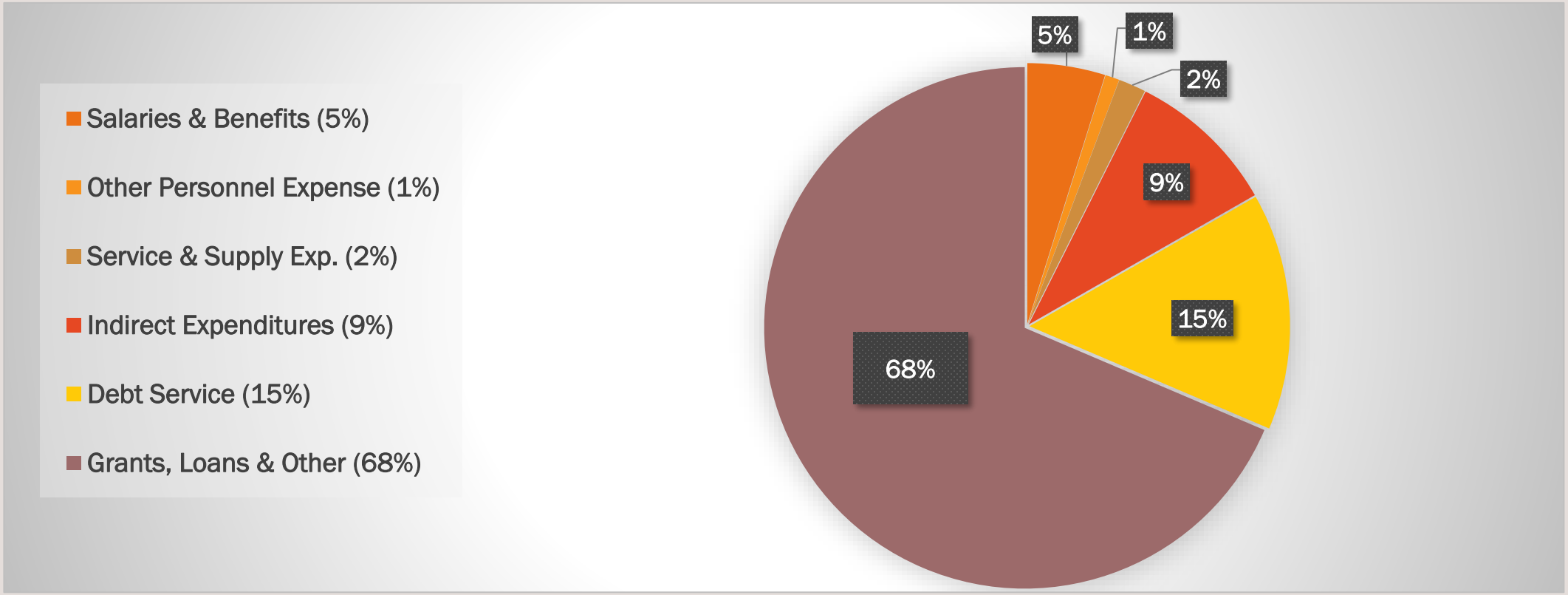
- 2019/2020 Projected Collections: $ 375,000 (11.7% ↓ from budgeted amount)
- 2020/2021 Revenue estimations: $ 350,000

Other: Grants, Land Sales, Rent Revenue

- FY 19/20: $425,000 TBTP Land Sales

Total Available Resources: $ 29,005,119

EXPENDITURES



Potential Cuts

- In the event we experience a significant/prolonged drop in sales tax :
  - Cut property acquisition, marketing, event sponsorships, and promotional items ($2.6m)
  - Freeze travel and training
  - Reduce future incentive amounts

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Adopt, on First Reading, Ordinance No. 2020-25, an Ordinance Amending the Code of Ordinances of the City of Tomball, Texas by Amending Section 34-1, Definitions, and Section 34-7, Miscellaneous Sign Provisions, of Article I, In General, of Chapter 34, Signs, to Add a Definition of Old Town Area and to Apply Regulations to Sign Colors within the Old Town Area; Providing for Severability; Providing for a Penalty of An Amount Not to Exceed $2,000 for Each Day of Violation of Any Provision Hereof; Making Findings of Fact; and Providing for Other Related Matters

Background:

Ordinance No. 2020-25 amends Chapter 34-Signs by defining the Old Town Area of Tomball and prohibiting bright or fluorescent colors on signs within that defined area. The proposed amendment complements the Zoning regulations within the same area (Old Town Area), which prohibits those types of colors on building facades.

Origination:

Community Development Department

Recommendation:

Approval

Party(ies) responsible for placing this item on agenda:

Craig T. Meyers, Community Development Director

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Ordinance No. 2020-25
Revised Map of Tomball-1912

ORDINANCE NO. 2020-25

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF TOMBALL, TEXAS BY AMENDING SECTION 34-1, DEFINITIONS, AND SECTION 34-7, MISCELLANEOUS SIGN PROVISIONS, OF ARTICLE I, IN GENERAL, OF CHAPTER 34, SIGNS, TO ADD A DEFINITION OF OLD TOWN AREA AND TO APPLY REGULATIONS TO SIGN COLORS WITHIN THE OLD TOWN AREA; PROVIDING FOR SEVERABILITY; PROVIDING FOR A PENALTY OF AN AMOUNT NOT TO EXCEED $2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF; MAKING FINDINGS OF FACT; AND PROVIDING FOR OTHER RELATED MATTERS.

* * * * * * * * *

WHEREAS, the City Council of the City of Tomball, Texas finds that it is in the best interest of the health, safety and welfare of its citizens to amend the regulations of signs; and

WHEREAS, the City Council desires to regulate signs in the manner set forth in this ordinance; now, therefore

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

Section 1. The facts and matters contained in the preamble to this ordinance are hereby found to be true and correct.

Section 2. Section 34-1, Definitions, of Article I, In general, of Chapter 34, Signs, of the City of Tomball Code of Ordinances is hereby amended to add the language underscored below as follows:

"**Section 34-1. – Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Old Town Area means the area within the boundary of the Revised Map of Tomball, recorded with the County on July 9, 1912."

Section 3. Section 34-7, Miscellaneous sign provisions, of Article I, In general, of Chapter 34, Signs, of the City of Tomball Code of Ordinances is hereby amended to add the language underscored below as follows:

"**Section 34-7. – Miscellaneous sign provisions.**

(a) *Banner signs.* A property shall be limited to one on-premises or one off-premises banner signs, with a maximum size of 32 square feet. All banners signs shall be considered temporary in nature, as defined in this chapter. Excluding signs as specified under subsections 34-5(b)(2) and (b)(3)d.

(b) *Political signs.* A sign that contains primarily a political message and that is located on private real property with the consent of the property owner is exempt from the permit requirements of this chapter. Private real property does not include real property subject to an easement or other encumbrance that allows a municipality to use the property for a public purpose; provided, however, the sign may not have a sign area greater than 36 square feet, be more than eight feet high, be illuminated or have a moving part. This subsection does not apply to a sign, including a billboard, that contains primarily a political message on a temporary basis and that is generally available for rent or purchase to carry commercial advertising or other messages that are not primarily political.

(c) *Signs on public rights-of-way.*

(1) With the exception of signs lawfully permitted or erected prior to the effective date of the ordinance from which this chapter is derived, it shall be unlawful to place a sign upon a public street, public sidewalk, public alley, public right-of-way, public curb, or other public improvement in any public street or grounds, on any public bridge or part of same, or on any public building or structure of any kind belonging to the city, or in any public place, or on any public improvement unless express consent therefor shall have first been granted by the city council. However, coin-operated devices used to display and vend newspapers may so be placed, so long as they are not placed to impede vehicular or pedestrian traffic. This subsection does not apply to public property leased for private business purposes.

(2) Subdivision identification signs erected or painted directly upon the face of lawfully existing fences or walls are permitted, provided that:

a. The subdivision sign is facing a street which serves as an entrance to the subdivision to which such sign pertains;

b. The subdivision sign, or any part thereof, does not extend outward more than six inches from the face of the fence or wall upon which it is mounted; and

c. The subdivision sign, or any part thereof, does not extend above the fence or wall upon which it is mounted.

(3) Any unlawful sign found on public property, buildings, or structures belonging to the city or within a public right-of-way of a public street, public sidewalk, or public alley shall be seized and removal thereof is hereby authorized in addition to authority under chapter 20, article II. The sign administrator, employees of the police department and the department of public works are hereby authorized to impound any signs found on public property, buildings or structures, or a public street, public sidewalk, or public alley and transport or cause the same to be transported to a location to be designated by the sign administrator for storage. Any sign impounded and stored and not redeemed by the owner thereof within 30 days may be destroyed or sold at public auction in the same manner as surplus property of the city.

(4) During the early voting period through the end of the following Election Day, a maximum of two temporary political signs for each candidate, measure, or political party may be placed within the designated electioneering area of the early voting or voting polling place building's premises, which is also outside the prohibited area. The designated electioneering area is the portion of the grassy strip north of the Public Works Building, 501-B James Street, located outside the 100-foot prohibited area, and the area in Heritage Plaza, 400 Market Street, outside the designated 100-foot prohibited area. Such two signs shall each have a maximum area of four square feet but may contain the same message on both sides. Such signs must be placed in the designated electioneering area in a manner so as not to block or obscure other political signs. Such signs shall only be allowed from 7:00 a.m. on the beginning of the early voting period until 7:00 p.m. on Election Day, at which time the signs shall be removed by the person or organization placing them.

a. Any unauthorized persons removing political signs otherwise permitted by this section shall be guilty of a misdemeanor and subject to a fine as provided in section 1-14.

b. Failure to remove permitted signs in accordance with the section is a violation of this chapter subject to a fine as provided in this Code.

c. On Election Day only, each candidate may erect a single tent, canopy, or similar item encumbering or encroaching on public property in Heritage Plaza, 400 Market Street, in the designated location, located outside the 100-foot prohibited area, as decided during the drawing for location in Heritage Plaza conducted prior to the beginning of early voting.

d. Any signs on public property not permitted may be removed by the city. Any political signs installed prior to the authorized time, placed in a location other than the designated location delineated, or not removed within the time prescribed herein, may be removed by city personnel and discarded or destroyed.

e. The provisions of this subsection shall not apply to notices posted by order of the court or notices to the public as required by law to be posted in a public place.

(d) In the "Old Town Area," bright or fluorescent colors shall not be permitted on any part of any sign."

Section 4. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 5. Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and upon conviction, shall be fined in an amount not to exceed $2,000. Each day of violation shall constitute a separate offense.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 8th DAY OF SEPTEMBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

SECOND READING:

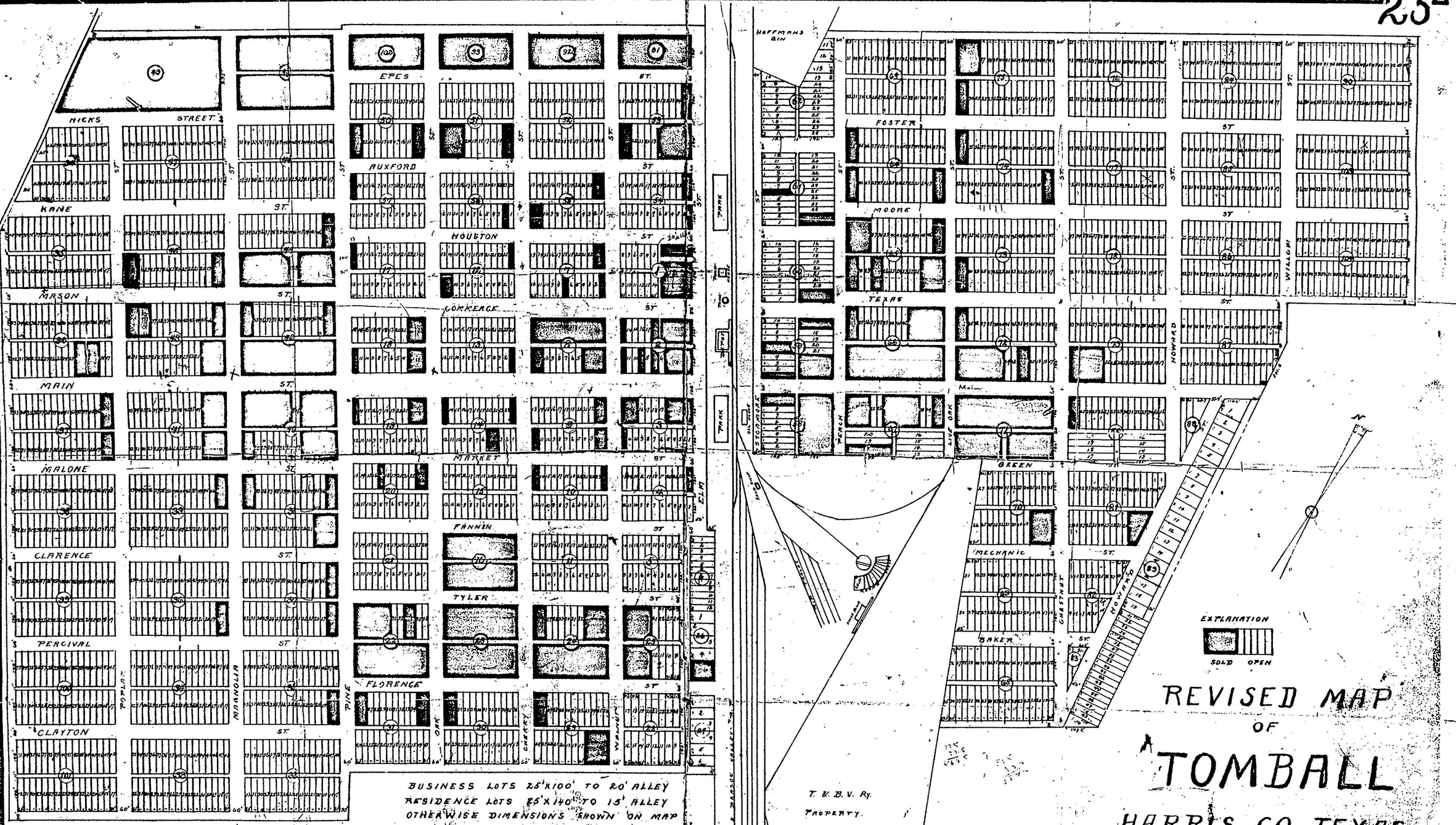
READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 21ST DAY OF SEPTEMBER 2020.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

_____
Gretchen Fagan, Mayor

ATTEST:

_____
Doris Speer, City Secretary



BUSINESS LOTS 25'X100' TO 20' ALLEY
RESIDENCE LOTS 25'X140' TO 15' ALLEY
OTHERWISE DIMENSIONS SHOWN ON MAP

REVISED MAP OF TOMBALL HARRIS CO. TEXAS. DIVISION POINT ON T. & B. V. RY.

SCALE 1" = 200'

OLD TOWN AREA
VOL. — PAGE 25
JULY 8, 1912

DEDICATION

KNOW ALL MEN BY THESE PRESENTS: That we, C C. Lineberger and F.W. Lineberger, composing the firm of Lineberger Bros. Realty Co, owners of above described property, do hereby accept the above as a correct revised plat of the same and do hereby dedicate the streets and alleys shown thereon to the public forever. Witness our hands this 3rd day of July A D 1912

Lineberger Bros. Realty Co.
C. C. Lineberger F W Lineberger.

The State of Texas,
County of Dallas Before me, Edward P. Dougherty, a Notary Public in and for Dallas Co., Texas on this day personally appeared C. C. Lineberger and F. W. Lineberger 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 therin expressed.

Witness my hand and seal of office this 3rd day of July A D 1912
(seal) Edward P. Dougherty, Notary Public Dallas Co, Texas

File No. 103818

Filed for Record - July 8, 1912 at 8 o'clock A.M. Recorded, July 9, 1912 at 4.30 o'clock P.M.

Geo Jones Clerk County Court Harris Co, Texas. By H. Washburn Deputy

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve Health Insurance Contracts for City Employees with Blue Cross Blue Shield and Cigna

Background:
In June of 2020, our insurance brokers, HUB International, accepted proposals for medical and dental insurance for our employees. Blue Cross Blue Shield (BCBS) negotiated down to no increase for our medical insurance. Cigna dental offered better savings to the City and a larger network for the employees so we are switching providers.
We will continue to offer a PPO plan and an HSA plan for medical coverage with one plan change regarding specialty drugs. Dental will have no plan changes. There will be no change in premium contributions by the employees for medical or dental insurance. All employer costs are included in the 2020-2021 budget.

Origination:
Human Resources

Recommendation:
Staff recommends approval of BCBS as our medical insurance provider and Cigna as our dental provider.

Funding:
Yes
Account Number:910-920-6024

Party(ies) responsible for placing this item on agenda:
Lisa Coe

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve Amendments to Administrative Policy No. 27, Policies and Procedures to Receive State and Federal Grant Funding

Background:
Proposed revisions to Administrative Policy No. 27 are a result of changes required by the General Land Office to the Citizen Participation Plan.

Administrative Policy No. 27 serves as procedures to be used by all departments when obtaining grants derived from State and/or Federal funds to ensure compliance with state and federal regulations.

All affected departments have reviewed these policies and agree that these policies conform to our existing policies and procedures.

Origination:
Public Works Department

Recommendation:
Public Works staff recommends approval of the proposed revisions to Administrative Policy No. 27, for the implementation of policies and procedures relating to obtaining State and/or Federal grant funds.

Party(ies) responsible for placing this item on agenda:
Beth Jones, Public Works Department

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Proposed Amendments to Administrative Policy No. 27

SUBJECT	NUMBER:	EFFECTIVE DATE:	
CIVIL RIGHTS POLICIES	27	9/8/2020	PAGE 1 OF 15
	REVISED: September 8, 2020	APPROVED BY CITY MANAGER: September 8, 2020	
	SUPERSEDES: August 3, 2020	APPROVED BY CITY COUNCIL: September 8, 2020	

PURPOSE

The purpose of the Civil Rights Policies is to establish official procedures to be used by all departments in the City of Tomball obtaining grants derived from State and/or Federal funds to ensure compliance in accordance with:

- 2 CFR §200
- 24 CFR §8
- 24 CFR §91.325(b)(6)
- 24 CFR §570
- Fair Housing Act of 1968
- Texas Local Government Code Chapter 171
- Uniform Grant Management Standards (UGMS)

SCOPE

All departments receiving a grant that is funded by the State and/or Federal funds shall ensure that all activities including procurement and contract management are completed in accordance with all policies, procedures, laws and ordinances of the City including the adopted Civil Right Policies herein.
Grant Management shall be conducted in a manner that will promote public confidence in the integrity of the City of Tomball.

POLICIES AND PROCEDURES:

CITY OF TOMBALL
CITIZEN PARTICIPATION PLAN

THE CITY OF TOMBALL

REGARDING THE USE OF GRANT FUNDS FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
This Citizen Participation Plan was prepared in accordance with Section 104(a) of the Housing and Community Development Act of 1974, as amended. The 24 CFR 91.105 federal regulations outline the "citizen participation" requirements.

The plan is to be used to address citizen participation in the Community Development Block Grant (CDBG) Program. With receipt of HOME Investment Partnerships (HOME) Program funds, the program will be included under this Citizen Participation Plan.

The Citizen Participation Plan (CPP) sets forth policies and procedures for citizen participation in the development of project specific applications and substantial amendments to these projects with funding.

SUBJECT	NUMBER:	EFFECTIVE DATE:	
CIVIL RIGHTS POLICIES	27	9/8/2020	PAGE 2 OF 15
	REVISED: September 8, 2020	APPROVED BY CITY MANAGER: September 8, 2020	
	SUPERSEDES: August 3, 2020	APPROVED BY CITY COUNCIL: September 8, 2020	

CERTIFICATION OF COMPLIANCE

The City of Tomball is certifying to the U. S. Department of Housing and Urban Development (HUD) and State Agencies administering HUD programs that they have an approved Citizen Participation Plan, which:

1. Provides for and encourages citizen participation with emphasis on participation by persons who are residents of slum and blighted areas, by residents in low- and moderate-income neighborhoods, or targeted revitalization areas.
2. Provides for and encourages citizen participation of residents of public and assisted housing developments, as well as provides information to the public housing authorities within our jurisdiction activities related to these programs.
3. Provides for and encourages citizen participation of persons with disabilities as well as provides documents in a format accessible to persons with disabilities, upon request.
4. Provides for and encourages citizen participation of all citizens, including minorities and non-English speaking persons, and identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
5. Provides citizens with reasonable and timely notification and access to local meetings, information, and records relating to the County's proposed and actual use of federal Community Development Block Grant funds.
6. Provides for public hearings and/or public postings to obtain citizen views; to respond to proposals and questions at all stages of the community development program, including at least the development of needs; and the review of proposed activities, and review of program annual performance. If hearings are held, they shall be after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodations for the disabled; and,
7. Provides for a timely written response to written complaints and grievances where applicable.

Note to Grant Recipients regarding Limited English Proficiency (LEP) requirements:

In accordance with federal law, if there is a significant number of the population who are non-English speaking residents and are affected by the CDBG project, such citizens should have 'meaningful access' to all aspects of the CDBG project. To provide 'meaningful access', Grant Recipients may need to provide interpreter services at public hearings or provide non-English written materials that are routinely provided in English. Examples of such vital documents may include Citizen Participation notices (e.g., complaint procedures, hearings notices), civil rights notices, and any other published notice that may allow an eligible person with limited English proficiency to participate in discussing proposed CDBG activities. For more information, see LEP.gov.

COMPLAINT PROCEDURES

These complaint procedures comply with the requirements of HUD's CDBG Program and Local Government Requirements found in 24 CFR §570.486 (Code of Federal Regulations). Citizens can obtain a copy of these procedures at the City of Tomball, Texas, 401 Market Street, (281) 290-1400 during regular business hours. Below are the formal complaint and grievance procedures regarding the services provided under the CDBG program.

1. A person who has a complaint or grievance about any services or activities with respect to the CDBG project, whether it is a proposed, ongoing, or completed CDBG project, may during regular business hours submit such complaint or grievance, in writing to the City Civil Rights Officer, at 401 Market Street, Tomball, Texas 77375 or may call (281) 290-1411.
2. A copy of the complaint or grievance shall be transmitted by the Civil Rights Officer to the person/division that is the subject of the complaint or grievance and to the Mayor/City Manager/County Judge within five (5) working days after the date of the complaint or grievance was received.
3. The Mayor/City Manager or their representative shall complete an investigation of the complaint or grievance, if practicable, and provide a timely written answer to person who made the complaint or grievance within fifteen (15) days. The response may be a time extension to further review the complaint or grievance.
4. If the investigation cannot be completed within fifteen (15) working days per 3 above, the person who made the grievance or complaint shall be notified, in writing, within twenty (20) days where practicable after receipt of the original complaint or grievance and shall detail when the investigation should be completed.
5. If necessary, the grievance and a written copy of the subsequent investigation shall be forwarded to the CDBG Program Manager for their further review and comment.

If appropriate, provide copies of grievance procedures and responses to grievances in both English and Spanish, or other appropriate language.

TECHNICAL ASSISTANCE

When requested, the City shall provide technical assistance to groups that are representative of persons of low- and moderate-income in developing proposals for the use of CDBG funds. The City, based upon the specific needs of the community's residents at the time of the request, shall determine the level and type of assistance.

PUBLIC OUTREACH AND INVOLVEMENT

Citizens will be provided reasonable advance notice of, and opportunity to comment on proposed activities in an application to the state and for grants already made regarding activities which are proposed to be added, deleted, or substantially changed from the entity's application to the state. The public outreach and notification will be accomplished through one or more of the following methods:

a) Publication of notice in a local newspaper—a published newspaper article may also be used so long as it provides sufficient information regarding program activities and relevant dates.
b) Notices prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.
c) Posting of notice on the local entity website (if available).
d) Public Hearing; or
e) Individual notice to eligible cities and other entities as applicable using one or more of the following methods: Certified mail, Electronic mail or fax, First class (regular mail), Personal delivery (e.g., at a Council of Governments meeting).

These details will be included in the Public Comment Version of the Application, prior to submission.
Citizens, with emphasis on persons of low- and moderate-income who are residents of slum and blight areas, shall be encouraged to submit their views and proposals regarding community development and housing needs. Citizens shall be made aware of the location where they may submit their views and proposals.

PUBLIC COMMENT PROVISIONS AS REQUIRED BY CERTAIN STATE AGENCIES IN THE ADMINISTRATION OF FEDERAL PROGRAMS

When public notice is the sole required notification process for the submission of an application from a State agency, the following provisions shall be observed the City.
A copy of a substantially complete application will be made available to allow for 15 days of local public comment, 15 days of state comment for a total of 30 days and will include, but are not limited to:

1. The amount of CDBG funds expected to be made available for the current fiscal year (including the grant and any anticipated program income).
2. The range of activities that may be undertaken with the CDBG funds.
3. The estimated amount of the CDBG- funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate- income persons.
4. The proposed CDBG activities likely to result in displacement and the unit of general local government's anti-displacement and relocation plans required under § 570.488.
5. The development of housing and community development needs

When a public hearing is required for submission of an application from a State agency, the following provisions shall be observed by the City:

1. As stated in the COVID-19 Disaster Declaration Proclamation dated March 13th, 2020; public hearings may be held virtually or in person, pursuant to Section 418.017 of the code; "authorization to use all available resources of state government and of political subdivisions that are reasonably necessary to cope with this disaster." Public notice of all hearings must be posted at least seventy-two (72) hours prior to the scheduled hearing.
2. When a significant number of non-English speaking residents are a part of the potential service area of the CDBG project, vital documents such as notices should be published in the predominant language of these non-English speaking citizens. An interpreter should be present to accommodate the needs of the non-English speaking residents at all public hearing where applicable.
3. Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries

and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend the hearings and the City must plan for individuals who require auxiliary aids or services if contacted at least two days prior to the hearing.

4. A public hearing, when required by a Federal Program, shall be held after 5:00 PM on a weekday or at a convenient time on a Saturday or Sunday.
5. If the agency requires a public hearing for submission, then a public notice shall be posted at city hall and the community's website notifying the public of the project selected at least 5 days prior to the submission of the application.

The City shall retain documentation of the hearing notice(s), a listing of persons attending the hearing(s), minutes of the hearing(s), and any other records concerning the proposed use of funds for three (3) years from closeout of the grant to the state. Such records shall be made available to the public in accordance with Chapter 552, Texas Government Code.

CITY OF TOMBALL
SECTION 3 POLICY

In accordance with 12 U.S.C. 1701u the City of Tomball agrees to implement the following steps, which, to *the greatest extent feasible,* will provide job training, employment, and contracting opportunities for Section 3 residents and Section 3 businesses of the areas in which the program/project is being carried out.

1. Introduce and pass a resolution adopting this plan as a policy to strive to attain goals for compliance to Section 3 regulations by increasing opportunities for employment and contracting for Section 3 residents and businesses.
2. Assign duties related to implementation of this plan to the designated Civil Rights Officer.
3. Notify Section 3 residents and business concerns of potential new employment and contracting opportunities as they are triggered by CDBG-DR grant awards through the use of: Public Hearings and related advertisements; public notices; bidding advertisements and bid documents; notification to local business organizations such as the Chamber of Commerce or the Urban League; local advertising media including public signage; project area committees and citizen advisory boards; local HUD offices; regional planning agencies; and all other appropriate referral sources. Include Section 3 clauses in all covered solicitation and contracts.
4. Maintain a list of those businesses that have identified themselves as Section 3 businesses for utilization in CDBG-DR funded procurements, notify those businesses of pending contractual opportunities, and make this list available for general Grant Recipient procurement needs.
5. Maintain a list of those persons that have identified themselves as Section 3 residents and contact those persons when hiring/training opportunities are available through either the Grant Recipient or contractors.
6. Require that all Prime contractors and subcontractors with contracts over $100,000 commit to this plan

7. as part of their contract work. Monitor the contractors' performance with respect to meeting Section 3 requirements and require that they submit reports as may be required by HUD to the Grant Recipient.
8. Submit reports as required by HUD regarding contracting with Section 3 businesses and/or employment as they occur; and submit reports within 20 days of federal fiscal year end (by October 20th) which identify and quantify Section 3 businesses and employees.
9. Maintain records, including copies of correspondence, memoranda, etc., which document all action taken to comply with Section 3 regulations.

City of Tomball
Excessive Force Policy

In accordance with 24 CFR 91.325(b)(6), the City of Tomball hereby adopts and will enforce the following policy with respect to the use of excessive force:

1. It is the policy of the City of Tomball to prohibit the use of excessive force by the law enforcement agencies within its jurisdiction against any individual engaged in non-violent civil rights demonstrations.
2. It is also the policy of the City of Tomball to enforce applicable State and Local laws against physically barring entrance to or exits from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdictions.
3. City of Tomball will introduce and pass a resolution adopting this policy – Resolution Number 2020-21.

CITY OF TOMBALL
SECTION 504 POLICY AGAINST DISCRIMINATION BASED ON HANDICAP AND GRIEVANCE PROCEDURES

In accordance with 24 CFR Section 8, Nondiscrimination based on Handicap in federally assisted programs and activities of the Department of Housing and Urban Development, Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and Section 109 of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5309), the City of Tomball hereby adopts the following policy and grievance procedures:

1. Discrimination prohibited. No otherwise qualified individual with a handicap in the United States shall, solely by reason of his or her handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development (HUD).
2. The City of Tomball does not discriminate on the basis of handicap in admission or access to, or treatment or employment in, its federally assisted programs and activities.
3. The City of Tomball recruitment materials or publications shall include a statement of this policy in 1. above.
4. The City of Tomball shall take continuing steps to notify participants, beneficiaries, applicants and employees, including those with impaired vision or hearing, and unions or professional organizations holding collective bargaining or professional agreements with the recipients that it does not discriminate on the basis of handicap in violations of 24 CFR Part 8.

1. For hearing and visually impaired individuals eligible to be served or likely to be affected by the CDBG-DR program, the City of Tomball shall ensure that they are provided with the information necessary to understand and participate in the CDBG-DR program.
2. Grievances and Complaints
    a. Any person who believes she or he has been subjected to discrimination on the basis of disability may file a grievance under this procedure. It is against the law for the City of Tomball to retaliate against anyone who files a grievance or cooperates in the investigation of a grievance.
    b. Complaints should be addressed to: Section 504 Compliance Officer, City of Tomball, 501 James Street, Tomball, Texas 77375, (281) 290-1400, who has been designated to coordinate Section 504 compliance efforts.
    c. A complaint should be filed in writing, contain the name and address of the person filing it, and briefly describe the alleged violation of the regulations.
    d. A complaint should be filed within thirty (30) business days after the complainant becomes aware of the alleged violation.
    e. An investigation, as may be appropriate, shall follow a filing of a complaint. The investigation will be conducted by the City Manager or designee. Informal but thorough investigations will afford all interested persons and their representatives, if any, an opportunity to submit evidence relevant to a complaint.
    f. A written determination as to the validity of the complaint and description of resolution, if any, shall be issued by the City Manager or designee, and a copy forwarded to the complainant within fifteen (15) business days after the filing of the complaint where practicable.
    g. The Section 504 Coordinator shall maintain the files and records of the City of Tomball relating to the complaints files.
    h. The complainant can request a reconsideration of the case in instances where he or she is dissatisfied with the determination/resolution as described in f. above. The request for reconsideration should be to the City of Tomball within ten (10) business days after the receipt of the written determination/resolution.
    i. The right of a person to a prompt and equitable resolution of the complaint filed hereunder shall not be impaired by the person's pursuit of other remedies such as the filing of a Section 504 complaint with the U.S. Department of Housing and Urban Development. Utilization of this grievance procedure is not a prerequisite to the pursuit of other remedies.
    j. These procedures shall be construed to protect the substantive rights of interested persons, to meet appropriate due process standards and assure that the City of Tomball complies with Section 504 and HUD regulations.

City of Tomball
Grievance and Complaint Procedure

These complaint procedures comply with the requirements of the Texas General Land Office's Community Development Block Grant – Disaster Recovery (CDBG-DR) Program and Local Government Requirements found in 24 CFR §570.486 (Code of Federal Regulations).

Below are the formal complaint and grievance procedures regarding the services provided under the CDBG-DR project.

1. A person who has a complaint or grievance about any services or activities with respect to the CDBG-DR project, whether it is a proposed, ongoing, or completed CDBG-DR project, may during regular business hours submit such complaint or grievance, in writing to the Compliance Officer at 501 James Street, Tomball, Texas 77375, or may call (281) 290-1400.
2. A copy of the complaint or grievance shall be transmitted by the Civil Rights Officer to the entity that is the subject of the complaint or grievance and to the City Attorney within five (5) business days after the date of the complaint or grievance was received.
3. The Compliance Officer shall complete an investigation of the complaint or grievance, if practicable, and provide a timely written answer to the person who made the complaint or grievance within ten (10) business days.
4. If the investigation cannot be completed within ten (10) business days, the person who made the grievance or complaint shall be notified, in writing, within fifteen (15) business days where practicable after receipt of the original complaint or grievance and shall detail when the investigation should be completed.
5. If necessary, the grievance and a written copy of the subsequent investigation shall be forwarded to the CDBG-DR for their further review and comment.
6. If appropriate, provide copies of grievance procedures and responses to grievances in both English and Spanish.

TECHNICAL ASSISTANCE

When requested, the City shall provide technical assistance to groups that are representative of persons of low- and moderate-income in developing proposals for the use of CDBG-DR funds. The City, based upon the specific needs of the community's residents at the time of the request, shall determine the level and type of assistance.

PUBLIC OUTREACH EFFORTS

The City shall provide for reasonable public notice, appraisal, examination and comment on the activities proposed for the use of CDBG-DR funds. These efforts shall include:

1. Provide for and encourage citizen participation, particularly by low and moderate income persons who reside in slum or blighted areas or areas in which CDBG-DR funds are proposed to be used;
2. Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to an entity's proposed and actual use of CDBG-DR funds;
3. Furnish citizens information, including but not limited to:
    a. the amount of CDBG-DR funds expected to be made available
    b. the range of activities that may be undertaken with the CDBG-DR funds
    c. the estimated amount of the CDBG-DR funds proposed to be used for activities that will meet the national objective of benefit to low and moderate income persons
    d. if applicable, the proposed CDBG-DR activities likely to result in displacement and the entity's anti-displacement and relocation plan;
4. Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities

1. in an application to the state and, for grants already made, activities which are proposed to be added, deleted or substantially changed from the entity's application to the state. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the state; and
2. These outreach efforts may be accomplished through one or more of the following methods:
    a. Publication of notice in a local newspaper – a published newspaper article may be used so long as it provides sufficient information regarding program activities and relevant dates
    b. Notices prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups
    c. Posting of notice on the local entity website (if available)
    d. Public hearing
    e. Individual notice to eligible cities and other entities as applicable using one or more of the following methods:
        i. Certified mail
        ii. Electronic mail or fax
        iii. First-class (regular) mail
        iv. Personal delivery (e.g. at a City Council meeting)

PUBLIC HEARING PROVISIONS

For each public hearing scheduled and conducted by a CDBG-DR applicant or recipient, the following public hearing provisions shall be observed:

1. Furnish citizens information, including but not limited to
    a. The amount of CDBG-DR funds available per application for the 2016 Flood Competition;
    b. The range of activities that may be undertaken with the CDBG-DR 2016 Flood Competition funds;
    c. The estimated amount of the CDBG-DR 2016 Flood Competition funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income persons; and
    d. The proposed CDBG-DR activities likely to result in displacement and the unit of general local government's anti-displacement and relocation plans required under 24 CFR 570.488.
2. Public notice of any hearings must be published at least 72 hours prior to the scheduled hearing. The public notice must be published in a local newspaper. Each public notice MUST include the DATE, TIME, LOCATION and TOPICS to be considered at the public hearing. A published newspaper article may also be used to meet this requirement so long as it meets all content and timing requirements. Notices should also be prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.
3. Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend the hearings and an applicant must make arrangements for individuals who require auxiliary aids or services if contacted at least two (2) days prior to each hearing.
4. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter will be present to accommodate the needs of the non-English speaking

residents.

5. City may conduct a public hearing via webinar if they also follow the provisions above. If the webinar is used to conduct a public hearing, a physical location with associated reasonable accommodations must be made available for citizens to participate so as to ensure that those individuals without necessary technology are able to participate.
6. If applicable, the locality must retain documentation of the hearing notice(s), attendance lists, minutes of the hearing(s), and any other records concerning the actual use of funds for a period of three (3) years after the project is completed. Such records must be made available to the public in accordance with Chapter 552, Government Code.

CITY OF TOMBALL
The City of Tomball welcomes feedback and complaints from any member of the public. Complaints are accepted in writing or over the telephone. Complaints will be responded to within 15 business days, when possible.

Complaints of fraud, waste or abuse must be immediately escalated to the City of Tomball Section 504 Standards Officer, regardless of whether the complaint is informal or formal.

Mailing Address:
City of Tomball
501 James Street
Tomball, Texas 77375
Attn: Civil Rights Officer

Phone: (281) 290-1400
Email: mmageo@tomballtx.gov
Business Hours: Monday – Friday, 8 a.m. to 5 p.m.

Texas General Land Office
Complaints should initially contact their local jurisdiction in accordance with their local policies and procedures for customer complaints. However, in the case that the complaint's inquiries or concerns are not addressed with the City, they have the right t to escalate the complaint to the Texas General Land Office (GLO). The GLO will work with the City of Tomball to provide a timely response. The response will be provided within 15 business days of the receipt of the complaint, if possible.

Mailing Address:
Texas General Land Office
Attn: GLO-CDR
PO Box 12873
Austin, Texas 78711-2873

Phone: 844-893-8937 or 512-475-5000
Email: cdr@recovery.texas.gov

City of Tomball
Fair Housing Policy

In accordance with Fair Housing Act, the City of Tomball hereby adopts the following policy with respect to the Affirmatively Furthering Fair Housing:

1. City of Tomball agrees to affirmatively further fair housing choice for all seven protected classes (race, color, religion, sex, disability, familial status, and national origin).
2. City of Tomball agrees to plan at least one activity during the contract term to affirmatively further fair housing.
3. City of Tomball will introduce and pass a resolution adopting this policy – Resolution Number 2020-21.

CITY OF TOMBALL
INTERNAL MANAGEMENT OF FEDERAL AND/OR STATE FUNDS PROCEDURES

All costs charged by the City must be necessary, reasonable, allowable, and allocable to all Federal and/or State grant programs received administered by the City. The City must assure that all costs are appropriate and eligible including but not limited to the following areas of concern:

1. Administrative requirements - Including duplication of benefits requirements, provisions related to charging pre-award costs, conflict of interest, reporting fraud, and distinction between agencies/government components, contractors, developers, and beneficiaries;
2. Recordkeeping and Reporting requirements - Including records retention and financial reporting requirements;
3. Procurement requirements - Including requirements related to bonding, insurance, suspension and debarment;
4. Contract conditions;
5. Force Account - Including requirements for tracking, documenting, and charging personnel costs and applicable fringe benefits and classification, purchasing, tracking, insuring, and disposing of equipment, supplies, and federally purchased tangible and intangible property;
6. Contract amendments;
7. Contract closeout;
8. Monitoring and Quality Assurance - Including requirements related to preventing fraud, waste, and abuse;
9. Audit - Including Single Audit or program-specific audit requirements

The following is a list of key federal and state regulations governing financial management of grant programs:

a. 24 CFR § 570 Subpart I- governs the state CDBG-DR program;
b. 2 CFR § 200, including all of Subpart E Cost Principles;
c. Uniform Grant Management Standards (UGMS) - Texas Comptroller of Public Accounts and guidance under 2 CFR § 200; and

d. Texas Local Government Code Chapter 171

It is the City's responsibility to be knowledgeable and compliant with these requirements to ensure the appropriate, effective, timely, and eligible use of all funds related to Federal and/or State Programs. The City is responsible for monitoring vendors and projects and compliance with applicable financial management standards, for processing payment requests for funds, and for audit review.

A cost objective is a pool of related costs, which could be related based on the City's departments, function, eligible, activity, agreement with State and/or Federal agencies or any other basis. The term is used to capture a variety of scenarios in which costs may be categorized for purposes of cost allocation or eligibility determinations.

1. As per of 2 CFR § 200.303, the City has established this and other written policies and procedures for internal controls and guidance documentation for responsible financial management of federal and/or state funds and include the adherence to the following:
2. All federal, state, and local conflict of interest provisions, including the requirements of Texas Local Government Code Chapter 171;
3. The City has an established internal control system and documented segregation of duties. Including the appropriate segregation of duties as follows:
    a. No person has complete control over every phase of a significant transaction. For example, the person who authorizes payments to contractors should not draft and issue the payment check and the person who writes a payment check should not reconcile associated bank records;
    b. Monthly bank reconciliation and/or direct deposit monthly statements are reviewed by someone who is not responsible for handling cash or issuing checks;
    c. The person issuing checks for grant expenses does not also handle payroll preparation/issuance of paychecks;
4. The City will take prompt action when an instance of noncompliance is identified internally or through audit findings;
5. The City takes reasonable measures to safeguard protected personally identifiable information (PII) and other information that the City/County considers sensitive consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality.

Per 24 CFR § 570.502, through established budgets and accounting records, the City is responsible for ensuring all Federal and/or State expenditures are authorized in an approved, documented budget and do not exceed the total budget amount and do not exceed the amount in the City's grant agreement(s).
The City will use one of two general methods available to draw federal and/or state grant funds to pay for project and vendor costs: the reimbursement method and the cash advance method.

a. The reimbursement method entails a transfer of grant funds to the City based on actual expenditures already incurred by the City before it requests a draw;
b. The cash advance method entails the transfer of grant funds from the federal and/or state agency based upon the City's received invoices before the actual cash disbursements have been made by the City.

The City establishes a separate account for each grant it receives. When using a cash advance basis process, the City will ensure that all received grant funding is held in an insured, interest-bearing account (2 CFR § 200.305(b)). Distinct accounting information for each grant is created. Accurate records of encumbrances/obligations against distinct line items within each grant for vendor contracts are made. Accurate records on grant awards, unobligated balances, assets, liabilities, expenditures, program income (if any) and applicable interest are kept and supported by sources documentation, including vendor contracts, invoices, and purchase orders.

Pursuant to 2 CFR § 200.302(a), the City's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, are sufficient to permit the preparation of reports required to demonstrate compliance with general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the City's State and/or Federal grant agreement(s).

City through its annual audit process has proven effective control over, and accountability for, all funds, property, and other assets in its possession. The City makes every effort to adequately safeguard all assets and assure that they are used solely for their intended purpose.

Financial Records for all Federal and/or State grant programs include the following:

1. Transaction registry documenting:
    a. All invoices associated with each Request for Payment; and
    b. Source of funds for each invoice (grant funds by activity, matching funds and/or other funds)
2. Source documentation, including the following:
    a. Copies of Requests for Payment;
    b. Addendum record of direct deposit payments;
    c. Verification of deposits;
    d. Monthly bank statements
    e. Check register/transaction ledger;
    f. Employee time sheets (as applicable);
    g. Equipment time record sheets(as applicable);
    h. Property inventory;
    i. Purchase orders, invoices, and contractor requests for payments;
    j. Electronic Transfer Form (EFT);
    k. All original source documents

The City for each grant agreement received, establishes Responsible Persons. Through resolution, the City identifies the Responsible Persons (at least 2, preferably 4 by job title) responsible for both contractual documents (executed City agreement(s), associated amendments, and various program certifications) and financial documents (requests for payment, issuance of check).
The City, where allowable by the Federal and/or State funding program, will authorize direct deposit to receive payments from the agency(ies) to post directly to the City's local bank account.

SUBJECT	NUMBER:	EFFECTIVE DATE:	PAGE 14 OF 15
CIVIL RIGHTS POLICIES	27	9/8/2020	
	REVISED: September 8, 2020	APPROVED BY CITY MANAGER: September 8, 2020	
	SUPERSEDES: August 3, 2020	APPROVED BY CITY COUNCIL: September 8, 2020	

The City will ensure that there exists staff and contractor capacity necessary to manage all grant funds under its control. The City may procure a Grant administrator to assist with management of grant compliance, subject to 2CFR200 procurement guidelines and requirements.

Eligible/Allowable Costs: All costs charged to the City's grant agreement(s) will be deemed eligible as identified in each Grantor's agreement/implementation manual. Eligible costs are those that conform to the federal/state requirements, including limitations and waivers described in applicable Federal Register Notices, comply with federal cost principles, and align with all associated cross-cutting federal requirements (Davis Bacons and Related Acts, Environmental requirements, etc.) and State and Local law.

The City will assure pursuant to 2 CFR § 200.403, costs meet the following general criteria to be allowable as a charge against any Federal award:

1. Costs must be necessary and reasonable for the performance of the Federal award and be allocable to that award and not to a different award;
2. Costs must conform to any limitations or exclusions set forth in 2 CFR § 200 or in the Federal award as to types or amount of cost items;
3. Costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the City;
4. Costs must be accorded consistent treatment;
    a. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost;
5. Costs must be determined in accordance with generally accepted accounting principles (GAAP);
6. Costs must be adequately documented

Reasonable Costs (2 CFR § 200.404): A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration will be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the City or the proper and efficient performance of the State and/or Federal award;
2. The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, and other laws and regulations; and terms and conditions of the State and/or Federal award;
3. Market prices for comparable goods or services for the geographic area;
4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the City, its employees, the public at large, the State Government and/or Federal Government;
5. Whether the City significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the cost

The City will insure that all grant reimbursement requests meet the definition of Allocable Costs (2 CFR § 200.405 and §200.406) A cost is allocable to a particular grant, City agreement, vendor contract, program or other cost objective if the goods or services involved are chargeable or assignable to that cost objective in accordance with relative benefits received. This standard is met if the cost:

a. Is incurred specifically for that cost objective;
b. Benefits both that cost objective and other work of the City and can be distributed in proportions that may be approximated using reasonable methods; and
c. Is necessary to the overall operation of the City and is assignable in part to the specified cost objective in accordance with 2 CFR § 200.

Any cost allocable to a particular cost objective may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the City from shifting costs that are allowable under two or more cost objectives in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Costs should only be charged net of all applicable credits. Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the cost objective. Examples include:

a. Purchase discounts;
b. Rebates or allowances;
c. Recoveries or indemnities on losses;
d. Insurance refunds or rebates; and
e. Adjustments of overpayments or erroneous charges

To the extent that such credits accruing to or received by the City relate to allowable costs, they must be credited to the State and/or Federal award either as a cost reduction or cash refund, as appropriate. These credits do not constitute program income.

The City will submit a draw request for eligible costs as often as is needed, subject to limitations in grant agreements and at least quarterly throughout the life of a project. The City will submit costs to a Grantor for draw within 60 days of receipt of invoices as allowable.

Pursuant to 24 CFR § 570.489(c), 2 CFR § 200.305(b), and 31 CFR § 205, the City when utilizing the cash advance method will minimize the time elapsing between the transfer of funds from the Federal or State agency and the disbursement by the City for eligible costs. This period must not exceed 5 business days from the date of receipt/deposit of funds.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:

Approve Resolution No. 2020-27, a Resolution of the City Council of the City of Tomball, Texas, Authorizing the Submission of a Community Development Block Grant – Mitigation Project Application to the General Land Office; and Authorizing the City Manager or Assistant City Manager to Act as the City's Executive Officer and Authorized Representative in All Matters Pertaining to the City's Participation in the Community Development & Revitalization Program

Background:

As a result of the 2015, 2016 and 2017 disasters federal funds have been approved under the Supplemental Appropriations for Disaster Relief Requirements Act resulting in the State of Texas being allocated $4.2 billion. The General Land Office has been named as the administrative agency for the funds and has derived the Community Development Block Grant Mitigation program.

Resolution 2020-28, authorizes the City to execute and submit a grant application for the Community Development Block Grant – Mitigation program and authorize the City Manager and Assistant City Manager to act as the City's Executive Office and authorized representative.

Origination:

Public Works Department

Recommendation:

Staff recommends approving Resolution Number 2020-27

Party(ies) responsible for placing this item on agenda:

Beth Jones, Public Works Department

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Resolution Number 2020-27

RESOLUTION NO. 2020-27

A RESOLUTION OF THE CITY OF TOMBALL, TEXAS, AUTHORIZING THE SUBMISSION OF A COMMUNITY DEVELOPMENT BLOCK GRANT – MITIGATION PROJECT APPLICATION TO THE GENERAL LAND OFFICE; AND AUTHORIZING THE CITY MANAGER OR ASSISTANT CITY MANAGER TO ACT AS THE CITY'S EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE CITY'S PARTICIPATION IN THE COMMUNITY DEVELOPMENT & REVITALIZATION PROGRAM.

* * * * * * * * *

WHEREAS, the City Council of Tomball, Texas desires to develop a thriving, viable community, strengthen infrastructure, provide a suitable living environment, and expand economic opportunities, principally for persons of low-to-moderate income; and

WHEREAS, certain conditions exist which represent a threat to the public health and safety; and

WHEREAS, it is necessary and in the best interest of the City of Tomball to apply for funding under the Community Development Block Grant Mitigation Program; **NOW, THEREFORE**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS;

Section 1. That a Community Development Block Grant Program application is hereby authorized to be filed with the General Land Office for funding consideration under the Community Development Block Grant – Mitigation Program; and

Section 2. That the application be for the CDBG-MIT Program through the Competition or Method of Distribution Application program to carry out Infrastructure Activities; and

Section 3. That the grant amount be up to the maximum allowed by the CDBG-MIT program and may include a minimum one percent (1%) match; and

Section 4. That the City Council directs and designates that City Manager or Assistant City Manager as the Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and participation in the Community Development & Revitalization Grant Program.

PASSED, APPROVED, AND RESOLVED this ____ day of September 2020.

Gretchen Fagan
Mayor

ATTEST:

Doris Speer
City Secretary

Regular City Council
Agenda Item
Data Sheet

Meeting Date: September 8, 2020

Topic:
Approve Gas Sales Agreement, Supplier Addendum and Participant Addendum with Symmetry Energy Solutions for the City's North and South Gates and Authorize the City Manager to Execute the Agreement

Background:
The City of Tomball owns and operates two natural gas supply receiving gates where the City's daily natural gas supplies are received, metered, odorized, and distributed to the City's residential and commercial customers via the City's natural gas distribution system. The two receiving gates are referred to as the North and South Gates.

The City's North Gate is located east of Ulrich Road, just north of Zion Road. This gate is served by an interstate (crosses state borders) pipeline owned by Tennessee's Pipeline and gas supplied is currently purchased and transported to the City by EDF Trading North America (EDF) with a current expiration date of October 31, 2020. The City's South Gate is located off of Old Humble Road, west of SH 249. This gate is served by an intrastate (Texas only) pipeline connection owned and operated by Eagle Rock Midstream L.P. (Eagle Rock) and the gas supplied to the City at this gate is purchased and transported by Eagle Rock. However, staff was made aware that as of September 2020, Eagle Rock would no longer serve the South Gate.

Pursuant to the notice received from Eagle Rock, staff contracted with Willdan Financial Services for the development of a Request for Proposals to obtain a Natural Gas Wholesale Contract for both the North and South Gates. Upon review of the proposals, staff requested permission to begin negotiations with Centerpoint Energy (now Symmetry Energy Solutions) for gas acquisition at both the South and North Gates.

Staff recommends authorization to execute a Gas Sale Agreement, Supplier Addendum, and Participant Addendum with Symmetry Energy Solutions for fixed pricing at the North and South Gates.

Origination:
Public Works Department

Recommendation:
Staff recommends authorizing the City Manager to execute a Gas Sales Agreement, Supplier Addendum, and Participant Addendum with Symmetry Energy Solutions for fixed pricing at the North and South Gates.

Funding:
Yes

Account Number:600-615-6129

Party(ies) responsible for placing this item on agenda:
Beth Jones, Public Works Director

ACTION TAKEN

Approval	Readings Passed	Other

☐ Yes ☐ No	☐ 1st ☐ 2nd	

ATTACHMENTS:

Gas Sales Agreement
Supplier Addendum
Participant Addendum

GAS SALES AGREEMENT

This Gas Sales Agreement (this "**Agreement**") is entered into as of 09/01/2020 (the "**Effective Date**") between Symmetry Energy Solutions, LLC ("**Seller**") and the "**Buyer**" identified below for the sale and purchase of natural gas.

Legal name of Buyer: City of Tomball

1. Notices. All notices, requests, claims, demands, Transaction Confirmations (as defined below) and other communications under this Agreement ("**Notices**") must be in writing and, unless the method of delivery is expressly stated otherwise in this Agreement, may be sent via U.S. mail, private courier service, fax machine, or email to the applicable address listed below; however, a party may at any time designate a different address in a Notice to the other party. A Notice will be considered effective on the date sent if sent via fax machine or email on a Business Day before 5:00 p.m. in the receiving party's time zone (otherwise, on the next Business Day), and on the 2nd Business Day after the date sent if sent via U.S. mail or courier. "**Business Day**" means any day except Saturday, Sunday or Federal Reserve Bank holidays.

Buyer's Address:		**Buyer's Address for Invoices:**	
Contact:	Director of Public Works	Contact:	Director of Public Works
Address:	501 James Street	Address:	501 James Street
City/State/Zip:	Tomball, TX 77375	City/State/Zip:	Tomball, TX 77375
Phone:	(281) 290-1425	Phone:	(281) 290-1425
Fax:	(281) 351-4735	Fax:	(281) 351-4735
Email:	gas@tomballtx.gov	Email:	gas@tomballtx.gov

Seller's Address:	
Contact:	Contract Administration
Address:	1111 Louisiana Street, B-241
City/State/Zip:	Houston, TX 77002
Phone:	(800) 495-9880
Fax:	(713) 393-0263
Email:	Confirms@SymmetryEnergy.com

2. Agreement Scope. This Agreement governs all transactions entered into on or after the Effective Date for the purchase by Buyer of natural gas from Seller (each, a "**Transaction**").

3. Transaction Confirmations. Before a Transaction becomes binding, Seller shall send a written confirmation of its terms (a "**Transaction Confirmation**") to Buyer via email as soon as practical after the parties reach agreement on such terms. A Transaction shall become binding (i) automatically at 5:00 p.m. CST on the 2nd Business Day following the day the Transaction Confirmation is sent to Buyer (the "**Confirm Deadline**") unless a party cancels the Transaction or disputes or revokes the Transaction Confirmation in a Notice to the other party delivered via email prior to the Confirm Deadline, or (ii) on the effective date of Buyer's execution and delivery of Seller's Transaction Confirmation without modification to Seller, whichever occurs first. A Transaction Confirmation represents the parties' final agreement regarding the specific terms of the Transaction and supersedes any prior oral or written agreements, understandings or promises relating to the Transaction. In the event of a conflict between the terms of this Agreement and the terms of a Transaction Confirmation, the latter shall control for that Transaction. Any amendments to a Transaction Confirmation after the Confirm Deadline must be in writing and signed by both parties.

4. Transaction Terms. Each Transaction Confirmation will be labeled with one of the following Transaction designations, based on the Volume Commitment and Contract Price for the Transaction: "Fixed Price," "Volumetric Index Price," "Index Price," or "Market Rate" ("**Transaction Type**"), and will specify, at a minimum, Buyer's facility or account that is the subject of the Transaction (the "**Facility**"), the natural gas commodity price (the "**Contract Price**") and any other fees and charges applicable to the Transaction ("**Additional Charges**"), the primary term of the Transaction (the "**Initial Period**") and whether any automatic term renewals apply (each, a "**Renewal Period**" and, together with the Initial Period, the "**Delivery Period**"), the point where Seller will deliver the natural gas to be furnished under the Transaction (the "**Delivery Point**"), the natural gas volumes Seller is obligated to deliver and Buyer is obligated to receive under the Transaction at the Delivery Point (the "**Volume Commitment**"), whether such

deliveries and receipts will be Firm or Interruptible (the "**Performance Obligation**"), and the classification of the Transaction as a "forward contract" or "trade option" under Title 7 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**"). If a Transaction Confirmation does not specify that a Renewal Period applies, but Seller continues to deliver and Buyer continues to receive natural gas after the expiration of the Initial Period specified therein, then the Transaction will be deemed to automatically continue for month-to-month Renewal Periods under the terms of the Transaction Confirmation until terminated by either party on 30 days' Notice, except where the Contract Price during the Initial Period is a fixed price, in which case the Contract Price for natural gas delivered during each such Renewal Period will be the then-current monthly spot price for natural gas in the geographic area where the applicable Delivery Point is located, as determined by Seller in a commercially reasonable manner.

If a Transaction Confirmation specifies that a Renewal Period applies and the parties agree to a Fixed Price with respect to all or part of the Volume Commitment for any month(s) occurring after the Initial Period or Renewal Period, as applicable, then in effect, then the term of the Transaction Confirmation will be deemed to have been extended through and including the last calendar month of the last Renewal Period in which all or part of the Volume Commitment for any month occurring during such Renewal Period is subject to a Fixed Price.

The parties acknowledge that an operational flow order declared by a Transporter may occur with little to no advance notification. Accordingly, if either party receives notice or becomes aware of an operational flow order requiring action to be taken in connection with the operational flow order or the delivery or consumption of natural gas under an affected Transaction, such party will use commercially reasonably efforts to notify the other party by telephone or electronic mail of such event in a timely manner. Each party will take all actions required to comply with and within the time prescribed by the operational flow order, and any penalties assessed by a Transporter will be borne by the party who failed to comply. Both parties agree that an operational flow order may require one or both parties to buy or sell quantities of natural gas in the then current market conditions, which may be appreciably higher or lower than the pricing set forth in an affected Transaction, and any such quantities will be priced according to the then current market conditions and delivered or received on a reasonable best efforts basis, subject to available transportation.

5. Invoicing and Payment. Seller shall invoice Buyer on a monthly basis for all Transactions in effect during the invoice period based on the Contract Price, Volume Commitment and Additional Charges, if any, set forth in the respective Transaction Confirmations. Buyer shall pay Seller the full invoice amount in accordance with the payment instructions set forth on the invoice within 20 days of the invoice date (the "**Payment Due Date**"); provided, however, that if the Payment Due Date falls on a non-Business Day, the Payment Due Date shall be the following Business Day. If Buyer, in good faith, disputes the invoice amount, Buyer shall pay the undisputed amount of the invoice and provide documentation to support the disputed amount. If Buyer fails to pay any undisputed invoiced amounts or provide documentation to support any disputed invoiced amounts by the Payment Due Date, Seller may charge and collect from Buyer a late fee equal to the lesser of 1½% of the outstanding balance per month (compounded monthly) or the maximum interest rate allowed by law. Buyer shall pay Seller for all costs and expenses incurred by Seller (including reasonable attorney fees) to collect any past due invoiced amounts. Buyer shall be responsible for and shall pay all taxes and fees assessed by governmental entities on the sale of natural gas hereunder (including any gross receipts taxes and franchise fees). If Buyer is entitled to a tax exemption, it is Buyer's responsibility to provide Seller with any necessary documentation of such. All invoices and associated payments are final unless either party disputes the accuracy of such invoice(s) or payment(s) in writing, with adequate documentation, within 2 years after the invoice date or later if utility tariff allows.

6. Measurement. The natural gas quantities used for invoicing purposes shall be the actual natural gas quantities measured during the invoice period by the local utility or pipeline company (each, a "**Transporter**") operating the natural gas metering equipment at the applicable Delivery Point or Facility, as reported by the Transporter to Seller (the "**Measured Volumes**"). Either party may contest those measurements, but the Transporter's ultimate determination will be final and binding. In the event the Transporter is unable to provide Seller with the Measured Volumes before Seller's invoice date, the natural gas quantities used for that invoice period will be estimated by Seller, and such estimated quantities will then be adjusted to the Measured Volumes on Seller's next invoice after the Measured Volumes are reported by the Transporter. For any invoice period during which natural gas is delivered from Seller to Buyer under separate Transactions to the same Delivery Point or Facility, Seller shall apply the Measured Volumes for invoicing purposes first to Fixed Price Transaction Types in ascending date order, followed by Volumetric Index Price Transaction Types in ascending date order, then by Index Price Transaction Types in ascending date order, and then by Market Rate Transaction Types in ascending date order.

7. Credit Terms. Buyer must meet Seller's creditworthiness standards at all times. Buyer shall provide to Seller, as Seller may request from time to time, sufficient information to enable Seller to determine Buyer's creditworthiness, including, but not limited to, financial statements and trade references. If Buyer does not meet Seller's creditworthiness standards, Seller may require that Buyer provide sufficient credit support for Buyer's payment obligations under this Agreement, in the form and amount, and for a term, reasonably acceptable to Seller. Buyer authorizes Seller to obtain Buyer's usage data and credit history from any Transporter serving Buyer's Facilities and appoints Seller as its agent solely for the purpose of obtaining such usage data and credit history, to the extent such agency authority is necessary. Each party agrees that this clause supersedes and replaces in their entirety any requirements of law relating to adequate assurance of future performance, including without limitation Article 2 of the Uniform Commercial Code.

8. Performance Breach. As used in this Agreement, "**Firm**" means that either party may interrupt its performance without liability only to the extent that such performance is excused by a Force Majeure Event (as defined below), and "**Interruptible**" means that either party may interrupt its performance at any time for any reason without liability. Except as provided in Section 9 of this Agreement, and unless a different remedy for breach of a Firm obligation is specified in a Transaction Confirmation, the sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive natural gas not excused by a Force Majeure Event is, in addition to the payment or reimbursement of any Transporter imbalance charges or penalties caused by

such breach, as follows: (a) in the event of a breach by Seller on any day, Seller shall pay Buyer an amount (that amount, "**Seller's Breach Payment**") equal to the difference between the Volume Commitment for that day and the actual quantity delivered by Seller to the Delivery Point during that day, multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the spot price for natural gas for that day in the geographic area where the applicable Delivery Point is located, as determined by Seller in a commercially reasonable manner (the "**Daily Spot Price**"); and (b) in the event of a breach by Buyer on any day, Buyer shall pay Seller an amount (that amount, "**Buyer's Breach Payment**") equal to the difference between the Volume Commitment for that day and the actual quantity received by Buyer at the Delivery Point during that day, multiplied by the positive difference, if any, obtained by subtracting the Daily Spot Price from the Contract Price. Seller shall apply a credit in the amount of Seller's Breach Payment, if any, and a charge in the amount of Buyer's Breach Payment, if any, in the invoice(s) covering the day(s) of the breach.

9. Early Termination. (a) Either party may (i) terminate a Transaction if the other party fails to perform a Firm obligation to make or take delivery of natural gas pursuant to the terms thereof for a period of more than 30 consecutive days regardless of whether such failure is otherwise excused by a Force Majeure Event, or if the Facility that is the subject of the Transaction is served by a utility company and becomes ineligible for utility transportation service regardless of whether such ineligibility is otherwise excused by a Force Majeure Event, and (ii) terminate this Agreement and all Transactions then in effect if the other party or its guarantor files or has filed against it a petition for relief under the United States Bankruptcy Code or similar state law for the protection of creditors, or otherwise becomes bankrupt or insolvent, has a receiver or similar official appointed with respect to it or substantially all of its assets, makes an assignment or any general arrangement for the benefit of creditors, or is unable to pay its debts as they fall due. For the sake of clarity, termination due to a Force Majeure Event shall not be considered a default pursuant to this Agreement, and, if termination is based exclusively upon a Force Majeure Event, the parties agree that the "liquidated damages" as applicable to such a termination as described in Section 13 of this Agreement shall be the sole obligation owed as between the parties arising from such termination.

(b) In addition, Seller may terminate this Agreement and all Transactions then in effect if Buyer or its guarantor (i) fails to pay any invoice amount not subject to a good faith dispute on or before 15 days following the invoice's Payment Due Date; (ii) fails to provide credit support in accordance with Seller's request under Section 7 hereof on or before the end of the 2nd Business Day following such request; or (iii) fails to perform any obligation owed to Seller with respect to any credit support provided under Section 7 hereof.

(c) The party having the right to terminate under this Section (the "**Non-Defaulting Party**") shall give Notice of termination to the other party (the "**Defaulting Party**"), and such termination will be effective upon the effective date of the Notice, unless a later termination date is designated in the Notice, in which case the termination will be effective upon such later termination date (the ""**Early Termination Date**"), which later date must be no later than 20 days after the effective date of the termination Notice; provided, however, that to the extent the right to terminate under this Section has accrued and is continuing, the Non-Defaulting Party may also immediately suspend all delivery and payment obligations owed under the Terminated Transactions (as defined below).

(d) Notwithstanding anything in this Agreement, a Transaction shall not be interpreted or applied in such a manner so as to circumvent or otherwise render inapplicable anything in this Section 9 and any obligations resulting therefrom.

10. Early Termination Damages. (a) If one or more Transactions are terminated pursuant to Section 9 of this Agreement (the "**Terminated Transactions**"), the Non-Defaulting Party shall, as soon as reasonably practicable after the Early Termination Date, liquidate and accelerate the outstanding Volume Commitments under each Terminated Transaction (the sum thereof, the "**Outstanding Volumes**") as of the Early Termination Date at the market price for similar transactions at the affected Delivery Point(s) (the "**Market Price**"), as determined by the Non-Defaulting Party in a commercially reasonable manner. If the product of the Outstanding Volumes times the Market Price (that product, the "**Market Value**") is greater than the product of the Outstanding Volumes times the Contract Price (that product, the "**Contract Value**"), then the positive difference between them, as discounted by the Non-Defaulting Party to present value in a commercially reasonable manner as of the Early Termination Date, (the "**Liquidated Damages**") will be owed to Buyer, and if the Contract Value is greater than the Market Value, then the Liquidated Damages will be owed to Seller.

(b) The Non-Defaulting Party shall, as soon as reasonably practicable after determining the Liquidated Damages amount, (i) net or aggregate, as appropriate, the Liquidated Damages amount against or with (A) all outstanding payment obligations owed between the parties under the Terminated Transaction(s) as of the Early Termination Date (including any Buyer's or Seller's Breach Payment) for which payment has not been paid, (B) any and all costs and penalties imposed by a Transporter or other third party on the Non-Defaulting Party as a result of the early termination, (C) any brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by the Non-Defaulting Party either in terminating any arrangements undertaken to hedge its obligations under the Terminated Transactions or in entering into new arrangements to replace the Terminated Transactions, (D) any and all costs and expenses incurred by the Non-Defaulting Party (including reasonable attorney fees) to collect any amounts due hereunder, and (E) reasonable attorneys' fees and court costs, if any, incurred by the Non-Defaulting Party in connection with enforcing its rights with respect to the Terminated Transactions, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "**Net Settlement Amount**") and (ii) notify the Defaulting Party thereof. The party owing the Net Settlement Amount shall pay it in full within 15 days after the date of that Notice. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at the rate set forth in Section 5 of this Agreement.

11. Risk of Loss, Indemnification and Disclaimer of Implied Warranties. For each Transaction, title to and risk of loss for the natural gas will pass to Buyer at the Delivery Point. Seller shall indemnify Buyer and save it harmless from all losses, liabilities, damages and demands including reasonable attorneys' fees and costs of court ("**Losses**") arising from or out of claims

of personal injury, including any wrongful death action, or property damage from said natural gas ("**Claims**") that attach before title to said natural gas passes to Buyer, and Buyer shall indemnify Seller and save it harmless from all Losses arising from or out of Claims that attach after title to said natural gas passes to Buyer. If Buyer is a governmental entity, these indemnity obligations shall only apply to the extent permitted by applicable law. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THE IMMEDIATELY PRIOR SENTENCE, SELLER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, WHETHER STATUTORY OR COMMON LAW, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

12. Assignment. Neither party may assign this Agreement without the other party's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, except that either party may assign this Agreement after Notice to the other party, provided that, (a) in the case of an assignment by Seller, such assignment is to an Affiliate or a successor resulting from a merger or the acquisition of substantially all of Seller's assets, and (b) in the case of an assignment by Buyer, (i) such assignment is to an Affiliate or a successor resulting from a merger or the acquisition of substantially all of Buyer's assets and (ii) such Affiliate or successor meets Seller's creditworthiness standards as determined by Seller prior to any such assignment taking effect. In no event may either party sever a Transaction, or any portion of its rights or obligations to receive or deliver natural gas under a Transaction, from this Agreement and transfer such Transaction or such rights or obligations separately from the remainder of the Transaction or this Agreement without the express written consent of the other party. Notwithstanding any assignment hereunder, the assigning party shall be liable for all obligations incurred or arising under this Agreement prior to the effective date of an assignment otherwise permitted under this Section 12 (the "effective date" of an assignment shall be the date on which the assignee expressly agrees to accept and assume this Agreement and all corresponding obligations from the assigning party). As of and after the effective date of such permitted assignment, assignee shall become liable for all obligations arising hereunder to the same degree and to the same extent as if assignee was the original party to this Agreement, the assigning party shall be released from any further obligations hereunder, and assignee shall become known as "the Buyer" or "the Seller", as appropriate, under this Agreement from said effective date. For the sake of clarity, the assigning party shall remain liable for all obligations incurred hereunder prior to the effective date of any assignment. Any attempted assignment in violation of this Section will be null and void and without effect. This Agreement will be binding on the parties' respective permitted successors and assigns. "**Affiliate**" means an entity that controls, is controlled by, or is under common control with, the assigning party.

13. Force Majeure. To the extent either party is prevented by a Force Majeure Event from carrying out, in whole or part, its obligations under a Transaction and such party (the **"Claiming Party"**) gives Notice and details of the Force Majeure Event to the other party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to such Transaction (other than the obligation to make payments that are otherwise due and payable under this Agreement). The Claiming Party shall use commercially reasonable efforts to remedy its inability to perform as a result of the Force Majeure Event. "**Force Majeure Event**" means an event or circumstance which prevents one party from performing its obligations under a Transaction, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of reasonable diligence, the Claiming Party is unable to overcome. Force Majeure Events include, but are not limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption, termination and/or curtailment of Firm transportation and/or storage by Transporters (including but not limited to operational flow orders, pipeline capacity allocations, unscheduled maintenance, pipeline interconnect issues or other similar problems); (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation (including but not limited to a tariff regulation in a Transporter's tariff). Unless otherwise specified in a Transaction, the term "Firm" in the preceding sentence means Seller's utilization of firm service agreement(s) with Transporter(s) under which the Delivery Point(s) is not a specified primary point for the delivery of natural gas.

Notwithstanding the provisions of the preceding paragraph, in the event: (i) a Transaction has a Performance Obligation that is Firm; (ii) as a result of a Force Majeure Event Seller is unable to sell and deliver, or Buyer is unable to purchase and receive, the Volume Commitment; (iii) the Delivery Period is at least one month; and (iv) the Contract Price is a Fixed Price, then

a. If the FOM Price (as hereinafter defined) is above the Fixed Price, Seller will pay Buyer an amount equal to the product of (1) the portion of the Volume Commitment that could not be delivered or received and (2) the difference between the FOM Price and the Fixed Price; or
b. If the FOM Price is below the Fixed Price, Buyer will pay Seller an amount equal to the product of (1) the portion of the Volume Commitment that could not be delivered or received and the difference between the Fixed Price and the FOM Price.

The "FOM Price" means the last day settle price of the New York Mercantile Exchange natural gas futures contract for the month in which the Force Majeure Event occurs. The process described in the last two sentences of Section 10(b) of this Agreement shall govern the payment of any obligations incurred under this Section 13.

14. Limitation of Liability. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, AND NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY

OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

15. Forward Contract. The parties agree that each Transaction constitutes a "forward contract," that Seller and Buyer are each "forward contract merchants" and that this Agreement constitutes a "master netting agreement," in each case within the meaning of the United States Bankruptcy Code.

16. Dodd-Frank Transaction Classification. Each party represents as of each time it enters into a Transaction that the Transaction qualifies for either (a) the forward contract exclusion as set forth under Section 1a(47)(B)(ii) of the Commodity Exchange Act or (b) the trade option exemption as set forth under 17 C.F.R. Section 32.3(a). Each party shall promptly give Notice to the other party if the foregoing representation becomes incorrect or misleading. If a Transaction is subject to any governmental reporting requirements, including but not limited to any reporting requirements of the Commodity Futures Trading Commission enacted under Dodd-Frank, each party shall provide the other party any information reasonably requested by such other party to enable it to comply with those requirements.

17. Buyer Representations. Buyer represents and warrants to Seller, as of the Effective Date and the date of each Transaction Confirmation, that it (a) is acting for its own account; (b) has made its own independent decision to enter into this Agreement and each Transaction and as to whether this Agreement and each such Transaction is appropriate or proper for it based upon its own judgment; (c) is not relying upon the advice or recommendations of Seller in so doing; (d) is capable of assessing the merits of and understands and accepts, the terms, conditions and risks of this Agreement and each Transaction; (e) understands that information and explanations of the terms and conditions of each such Transaction shall not be considered investment or trading advice or a recommendation to enter into that Transaction; (f) understands that no communication (written or oral) received from Seller shall be deemed to be an assurance or guarantee as to the expected results of that Transaction; and (g) understands that Seller is not acting as a fiduciary for or an advisor to it in respect to that Transaction.

18. Market Disruption. "If a Market Disruption Event has occurred then either party may give notice thereof to the other party specifying in reasonable detail the event that has occurred constituting a Market Disruption Event. Upon the giving of such notice, the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the Affected Period. An "Affected Period" is any part of the Delivery Period under a transaction affected by the Market Disruption Event. If the parties have not agreed on or before the tenth Business Day following the date of the notice of the occurrence of the Market Disruption Event, then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of gas for the Affected Period of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes, rounded to the third decimal place. If either party fails to provide two quotes, then the average of the other party's two quotes shall determine the replacement price. "**Floating Price**" means the price or a factor of the price, based on a specified index, agreed to in a transaction as the Contract Price. "**Market Disruption Event**" means, relating to an index specified in a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) a market abnormality, anomaly or other occurrence, other than an event of Force Majeure, which causes the Floating Price to no longer be reflective of the market price of gas for the relevant market in the geographic area in which the Delivery Point is located."

19. Miscellaneous. This Agreement and its terms are considered confidential by each party hereto and may not be disclosed to third parties except to the extent disclosure is necessary for its implementation or otherwise required by law, and except to such party's or its Affiliate's employees, auditors, lawyers or other agents or advisors or prospective lenders, investors or purchasers of all or substantially all of such party's assets or any of its rights under this Agreement, provided such persons are required to keep the information that is disclosed in confidence. No waiver or forbearance of any provision of this Agreement shall be held to be a waiver or forbearance or require a waiver or forbearance in the future. Any portion of this Agreement which may be deemed to be unenforceable or illegal shall not affect the enforceability or legality of its remaining terms and conditions. This Agreement shall not be construed as creating any third party beneficiaries hereof.

20. Entire Agreement, Amendment and Construction. This Agreement constitutes the entire agreement between Buyer and Seller regarding the subject matter herein, superseding any and all prior written or oral agreements and promises. This Agreement, all Transaction Confirmations and any designated credit support agreement or arrangement between the parties (including any amendments to any of the foregoing) shall be construed as a single integrated agreement. This Agreement cannot be amended except by written instrument signed by both parties.

21. Agreement Termination. This Agreement may be terminated by either party at any time after the Effective Date upon 30 days' Notice to the other party if no Transactions are in effect. This Agreement shall automatically terminate upon the later of 2 years after the Effective Date if no Transactions are in effect at that time, or the last termination date of all such Transactions. Sections 5, 10, 11, 14 and 19 will survive any termination of this Agreement and continue in effect until the rights and obligations

therein have been satisfied. It is further agreed that this Agreement, and/or any Transaction(s) then in effect, may be terminated by either party if: (i) a Transporter files a tariff change or a court or governmental agency with jurisdiction (including, without limitation, the Federal Energy Regulatory Commission) causes a Transporter to initiate a tariff change in a manner that causes a party to incur additional, uncontemplated material capital or operating costs (including, but not limited to, Transporter fixed and/or variable charges or fuel, or in connection with Transporter system operational limitations or restrictions) relating to its performance hereunder; and (ii) the parties are unable, after good faith negotiations, to renegotiate the terms hereof and/or those of an affected Transaction.

By signing below, each individual represents and warrants that he/she is authorized to sign this Agreement on behalf of the party for which it was executed.

Seller: **Symmetry Energy Solutions, LLC**	Buyer: **City of Tomball**
By: DocuSigned by: [signature] 97FA1A6A8968476...	By: _____
Print Name: Jeff Wiese	Print Name: _____
Title: Vice President	Title: _____

Attention: CenterPoint Energy Services, Inc (CES) is now Symmetry Energy Solutions, and is owned by Energy Capital Partners, LLC. Expect the same great service and team ready to help you with your energy needs.

myCES Portal

Register for the myCES Online Account Management Portal to obtain your information 24 hours a day:

- View and Print Invoice and Account Payment History
- View and Export Daily Usage and Monthly Billing volumes
- Sign up to receive your monthly Invoices as an attachment to an email
- Pay your Invoice securely online by clicking on the Invoice and Payment Options link
- View Energy Resources and Insights

To register for myCES, go to http://www.myCES.com and click on the Register link.

Paperless Invoicing

We're going Paperless! Free and easy step to Go Paperless! Please contact your billing analyst TODAY to sign up!

Payment Options

Method	Cost	Instructions
Automatic Bank Draft (ABD)	Free Maximum amount per transaction is $9,999,999.99	Funds are automatically withdrawn monthly from your bank account in the amount of your current invoice on your invoice due date. To enroll, please complete the online authorization form at www.myces.com and hoover over Invoice and Payment Options, selecting Sign Up for Auto Draft.
Online	Free Maximum amount per transaction is $9,999,999.99	**Electronic Funds Transfer (EFT)** Funds are withdrawn from your bank account in the amount that you specify. There is no cost for this service! Payments are accepted by calling 866-578-7617 or online at myCES.com. You will need your bank account and bank routing numbers, and your seven-digit invoice number to process payment.
	$57.95 per transaction* Maximum amount per transaction is $3,000.00	**Credit/Debit Card** Credit and debit card payments are processed through HP Convenience Pay™, which charges a transaction fee. Discover, MasterCard and Visa cards are accepted. Payments are accepted by calling 866-578-7617 or online at myces.com. You will need your seven-digit invoice number and card information to process payment. Please note that you do not need to be registered for CES Online to make this type of payment.
Phone	Cost varies by payment method	Call HP Convenience Pay at 866-578-7617. You will need your seven-digit Symmetry Energy Solutions invoice number.
Mail	Free	Send the payment stub and signed check to the appropriate mailing address listed at the bottom of your current invoice.
Wire Transfer	Free	The wire transfer instructions are listed at the bottom of your current invoice. **WIRE TRANSFER** (ABA #021000021) or **ACH** (ABA #111000614): **Account Number:** 100080578 Payment must be sent to the appropriate bank account number listed on your invoice stub.

ADDENDUM TO GAS SUPPLY CONTRACT

This Addendum to Gas Supply Contract (this *"**Addendum**"*), dated as of October 1, 2020 among City of Tomball, Texas (hereinafter referred to as the *"**Buyer**"*), Symmetry Energy Solutions, LLC (hereinafter referred to as the *"**Supplier**"*), and BP Energy Company, a Delaware corporation (hereinafter referred to as the *"**Dealer**"*),

W I T N E S S E T H:

WHEREAS, the Buyer and the Supplier have entered into a contract dated as of September 1, 2020 (hereinafter, together with extensions and replacements thereof and amendments thereto entered into by the Buyer and the Supplier, referred to as the *"**Supply Contract**"*), under which, for the term, on the conditions, and up to the maximum amount specified therein, the Supplier has agreed to sell and deliver to the Buyer, at the point or points designated therein or pursuant thereto (hereinafter referred to as the *"**Buyer's Point of Receipt**"*), a portion of the Buyer's requirements for natural gas in accordance with transactions agreed to by them from time to time;

WHEREAS, Municipal Gas Acquisition and Supply Corporation (hereinafter referred to as "***MuniGas***"*)* has offered to admit the Buyer as a party to a Joint Gas Purchase Contract, dated as of January 1, 2006 (hereinafter, as amended from time to time, referred to as the *"**Cooperative Contract***") under which MuniGas would sell and deliver through the City of La Grange, Texas (herein referred to as the ***"Agent"***) to the Buyer, and the Buyer would receive and purchase from the Agent, at the Buyer's Point of Receipt certain quantities of gas at a lower price than the price of gas delivered to the Buyer by or on behalf of the Supplier pursuant to the Supply Contract;

WHEREAS, in order to enable MuniGas to perform its obligations under the Cooperative Contract without excessive transportation costs for (and to accommodate seasonal imbalances in supply of and demand for) all or a portion of the gas to be sold and delivered to the Buyer pursuant to the Cooperative Contract, MuniGas and the Dealer have entered into a Gas Exchange and Annual Balancing Agreement, dated as of January 1, 2006 (as amended from time to time, herein referred to as the *"**Exchange Agreement**")* under which the Dealer is required to deliver certain quantities of gas to MuniGas at the Buyer's Point of Receipt, from and to the extent of gas sold and delivered to the Dealer by the Supplier pursuant hereto, in exchange for gas delivered by MuniGas to the Dealer at one or more other locations;

WHEREAS, the Supplier is willing to enter into this Addendum to sell and deliver gas to the Dealer at the Buyer's Point of Receipt and to reduce the quantities of gas required to be received and purchased by the Buyer from the Supplier at the Buyer's Point of Receipt pursuant to the Supply Contract; and

WHEREAS, although the gas sales agreement between the Supplier and the Dealer and the amendment to the Supply Contract between the Buyer and the Supplier, respectively, are being documented together in this Addendum for convenience, they are independent two-party transactions for which other parties to this Addendum bear no liability (except only as expressly stated herein);

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants, agreements, conditions, and undertakings herein set forth, the parties hereto agree as follows:

1. ***Sale and Delivery to the Dealer.*** On each day while the Supply Contract and this Addendum are in effect, the Supplier shall sell and deliver to or for the account of the Dealer, and the Dealer shall receive or cause to be received and purchased from the Supplier, at the Buyer's Point of

Receipt and for the same price as the price for gas sold and delivered by the Supplier to the Buyer pursuant to the Supply Contract, quantities of gas equal to the Supplier's Share of the quantities of gas nominated and confirmed for delivery to the Buyer at the Buyer's Point of Receipt on such day pursuant to the Cooperative Contract, but not more than the lesser of (a) the maximum quantity of gas then required to be sold and delivered by the Supplier to the Buyer at the Buyer's Point of Receipt pursuant to the Supply Contract, determined without giving effect to *Section 2* hereof, or (b) the Supplier's Share of the quantity of gas which MuniGas schedules for delivery to the Buyer on such day at the Buyer's Point of Receipt. Such sale and purchase of gas between the Supplier and the Dealer shall be made on the same terms (including warranties and indemnities of the Supplier and the effect of *force majeure*) and subject to the same conditions as the terms and conditions of the Supply Contract to the same extent and for all purposes as if the Supplier and the Dealer had entered into the Supply Contract, except as otherwise provided herein and except that the Dealer shall not make (and shall not be deemed to have made) any representations, warranties, covenants, or certifications of the Buyer or the Supplier under the Supply Contract and the Supplier shall not have the right to audit the Dealer's books and records. If more than one price is set forth in the Supply Contract for gas sold and delivered thereunder by the Supplier (*e.g.*, due to graduated volume discounts), the price for gas sold to the Dealer pursuant to this paragraph shall be the weighted average price (determined in accordance with *Section 3* hereof) for gas sold and delivered by the Supplier to the Buyer pursuant to the Supply Contract. The Buyer and the Supplier acknowledge that the net amounts payable by the Buyer to the Supplier pursuant to the Supply Contract (as amended by this Addendum) shall equal the amounts payable by the Buyer to the Supplier pursuant to the Supply Contract (determined as if not amended by this Addendum), less the amounts payable by the Dealer to the Supplier pursuant to this Addendum. As used herein, the "***Supplier's Share***" for any day or month is equal to a fraction, the numerator of which is equal to quantity of gas then required to be sold and delivered by the Supplier to the Buyer at the Buyer's Point of Receipt pursuant to the Supply Contract, determined without giving effect to *Section 2* hereof, and the denominator of which is equal to the aggregate quantities of gas then required to be sold and delivered to the Buyer at the Buyer's Point of Receipt by the Supplier and all other gas producers and dealers who have entered into Addenda with the Buyer and the Dealer substantially similar to this Addendum (determined without giving effect to such Addenda). If the Buyer specifies a Supplier's Share that causes the limitations described in this Section to be exceeded, then such confirmation shall be deemed to confirm a sale from the Supplier to the Buyer, rather than to the Dealer, to the extent of any such excess. The Buyer shall receive from MuniGas at the Buyer's Point of Receipt all gas there delivered by the Supplier to the Dealer hereunder, and the Dealer shall be obligated to receive gas from the Supplier hereunder only to the extent of such receipt by the Buyer.

2. ***Sale and Delivery to Buyer***. The quantity of gas to be sold and delivered by the Supplier to the Buyer and received and purchased by the Buyer from the Supplier at the Buyer's Point of Receipt pursuant to the Supply Contract on each day shall be reduced by the quantity of gas sold and delivered by the Supplier to or for the account of the Dealer at the Buyer's Point of Receipt pursuant to *Section 1* hereof, and the Buyer and the Supplier release each other from all obligations under the Supply Contract relating to such quantity of gas, other than the representations, warranties, covenants, and certifications of the Buyer in respect thereof that are not made by the Dealer hereunder. If more than one price is set forth in the Supply Contract for gas sold and delivered thereunder by the Supplier, then the price at which such reduced quantity of gas shall be sold to and purchased by the Buyer thereunder shall be equal to the weighted average price referred to in *Section 1* hereof.

3. ***Payments.*** The Buyer shall send (or shall cause the Supplier to send) a copy of each transaction confirmation to MuniGas when and as issued or received, and the Buyer shall also compute and, on or before the last business day of each month, shall notify MuniGas and the Supplier of the Supplier's Share of all gas confirmed for delivery by MuniGas to the Buyer at the Buyer's Point of Receipt in such month pursuant to the Cooperative Contract. MuniGas shall provide a copy of the

transaction confirmation to Dealer upon request. To the extent of gas delivered by the Supplier at the Buyer's Point of Receipt in such month, the Supplier's Share of the quantities so notified by MuniGas shall be deemed to be delivered to the Dealer, rather than to the Buyer, in such month, subject to the further provisions of this paragraph. The Supplier shall cause such deliveries to be invoiced to the Dealer, at the price referred to in *Section 1* hereof, by the 10th day of the following month, and the Dealer shall pay for such deliveries by the later of the 25th day of such following month or 10 days after receipt of such invoice or, if the day for such payment is not a Business Day, then on the next Business Day. All other gas delivered by the Supplier at the Buyer's Point of Receipt in such month shall be deemed to be delivered and shall be invoiced by the Supplier to the Buyer at the same price in accordance with the provisions of the Supply Contract. Solely for purposes of computing any applicable weighted average price, all gas sold and delivered by the Supplier to the Buyer or the Dealer at the Buyer's Point of Receipt in such month pursuant to this Addendum or the Supply Contract shall be deemed to have been sold and delivered to the Buyer. The Dealer shall be entitled to net and set off amounts owing to Supplier hereunder against any other amounts owed by the Supplier to the Dealer under any other agreement between the Supplier and the Dealer. The Buyer does not guaranty and shall not be liable for any payment owed by any other party hereto to any other party hereto.

4. ***No Liability; Indemnity.*** Nothing herein shall make MuniGas or the Dealer a party to the Supply Contract or obligated thereunder. The Supplier and the Buyer agree that the Dealer shall not be liable under any theory to the Supplier or the Buyer for (a) any breach by the Buyer of any term of the Supply Contract, the Cooperative Contract, this Addendum, or any other contract to which the Buyer is a party, (b) any breach by the Supplier of any of the terms of the Supply Contract, this Addendum, or any other contract to which it is a party, or (c) any breach by either the Supplier or the Buyer, or their agents, of any duty of care, law, regulation, or other legal obligation applicable to it, for gas sold and delivered by the Supplier to the Buyer (or to the Dealer hereunder) pursuant to the Supply Contract or any other supply arrangement applicable to any third party seller of gas to the Buyer (or to the Dealer hereunder). The Dealer and the Buyer agree that the Supplier likewise shall not be liable under any theory to the Buyer or the Dealer for (a) any breach by the Buyer of any term of the Supply Contract, the Cooperative Contract, or any other contract to which the Buyer is a party, (b) any breach by the Dealer of any of the terms of the Exchange Agreement or any other contract to which it is a party, or (c) any breach by either the Dealer or the Buyer of any duty of care, law, regulation, or other legal obligation applicable to it, for gas sold or exchanged and delivered by the Dealer pursuant to the Exchange Agreement. In addition, the Dealer shall have no obligation to nominate or confirm for delivery any quantity of gas for any period. Except for the obligations to receive and purchase gas at the price described in *Section 1*, the Dealer shall have no obligations or liabilities in favor of the Supplier or any other person hereunder or under the Supply Contract (whether or not in the context of *force majeure*), including, without limitation, obligations or liabilities (i) for taxes, warranties of title or merchantability, royalties, indemnities, scheduling fees, imbalance charges, overpull or unauthorized gas penalties or charges, operational flow order penalties or charges, or similar costs, or losses resulting from the liquidation of hedge positions or (ii) to maintain or operate any measurement or transportation facilities, to manage transportation contracts or pipeline capacity, to enter into financial hedge transactions with the Buyer, to provide risk management services or consulting services of any type (including, but not limited to, hedging strategies, projecting gas supply costs and fuel requirements, or regulatory services), to pay any early termination damages or cover damages, to provide security or collateral, to provide any type of fixed price, trigger price, or other risk management products to Buyer, or to act as agent in any capacity for Buyer or Supplier under the Supply Contract. The obligations of the Dealer to the Supplier hereunder shall not be affected by any failure by MuniGas to observe and perform its obligations under the Exchange Agreement or any imbalance existing thereunder. The Supplier acknowledges that any event which constitutes force majeure or otherwise excuses performance by the Buyer under the Supply Contract or by MuniGas under the Exchange Agreement or Cooperative Contract with respect to any receipt or purchase of gas supplied

pursuant to this Addendum, including any breach by contractual counterparties under any related contract that has such effect, shall excuse performance by the Dealer hereunder.

The Supplier shall indemnify the Dealer and hold it harmless from and against any loss, cost or liability accruing to the Dealer resulting from (a) any claim by the Buyer or any other person of breach by the Supplier of, or negligence or misconduct by the Supplier in performance under, the Supply Contract or this Addendum, or breach of any duty of care, law, regulation, or other legal obligation applicable to the Supplier in connection therewith or herewith, (b) any claim which attaches before title to gas sold and delivered by the Supplier to the Dealer hereunder passes to the Dealer, and (c) any failure of gas sold and delivered by the Supplier to the Dealer hereunder to meet quality standards under the Supply Contract.

5. ***Nondisclosure by Dealer***. The Dealer shall not disclose to any person the terms of the Supply Contract (the "***Confidential Information***") except for disclosures of such terms (i) to Municipal Energy Resources Partners, Ltd. ("***MERP***"), Municipal Energy Resources Corporation ("***MERC***"), MuniGas, and directors, officers, employees, contractors, auditors, agents, and representatives of and counsel to the Dealer and the Dealer's parent companies and affiliates (the "***Representatives***"), MERP, MERC, or MuniGas who need the Confidential Information for purposes of performing the services provided under this Addendum, the Exchange Agreement, and all other documents executed by Dealer in connection herewith and therewith or (ii) that are requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand, or other similar process) to be disclosed or otherwise are required to be disclosed by law or in connection with legal proceedings regarding this Addendum, or the Exchange Agreement or the enforcement hereof or thereof. Notwithstanding the foregoing, the following will not constitute Confidential Information for purposes of this Addendum, or the Exchange Agreement: (i) information which is or becomes generally available to the public other than as a result of a disclosure by the Dealer or its Representatives; (ii) information which was already known to the Dealer on a nonconfidential basis prior to being furnished to the Dealer by the Supplier or the Buyer; and (iii) information which becomes available to the Dealer on a nonconfidential basis from a source other than the Supplier or the Buyer or a representative of the Supplier or the Buyer, if such source was not subject to any prohibition against transmitting the information to the Dealer and was not bound by a confidentiality agreement with the Supplier or the Buyer.

6. ***Governing Law.*** This Addendum shall be governed by and construed in accordance with the laws of the State of Texas.

7. ***Notices.*** Except as otherwise provided in this Addendum, any notice, request, demand, statement, bill, or other document required to be given to any party by this Addendum, and any notice which any party hereto may desire to give any other party hereto, shall be in writing and will be considered duly delivered when mailed by registered mail, return receipt requested, or sent by facsimile or electronic transmission with receipt acknowledged, to the address or number of the receiving party listed opposite its signature below or to any other address or number previously furnished in writing for such purpose by the receiving party to the other parties hereto.

8. ***Successors and Assigns.*** The provisions of this Addendum shall be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto. No party hereto may assign any of its rights or obligations hereunder without the consent of the other parties hereto, except to a trustee, individual or corporate, as security for bonds, securities, or other contractual obligations. No such consent shall be unreasonably withheld, *provided* that any party may refuse so to consent if the assignee does not meet such party's credit requirements. Upon such consent and assignment, the assigning party shall be released from all further liability hereunder, unless otherwise agreed by it.

9. ***Waivers.*** No waiver by any party hereto of any default by any other party hereto in the observance or performance of any provision of this Addendum shall operate as a waiver of any future default, whether of a like or of a different character.

10. ***Relationship Between the Parties.*** In connection with the negotiation of, the entering into, and the confirming of the execution of this Contract, each party acknowledges and agrees: (i) it is acting as principal (and not as agent or in any other capacity, fiduciary or otherwise); (ii) the other party is not acting as a fiduciary or financial or investment advisor for it; (iii) it is not relying upon any representations (whether written or oral) of the other party; (iv) the other party has not given to it (directly or indirectly through any other person) any advice, counsel, assurance, guaranty, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of this Contract; (v) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not upon any view expressed by the other party; (vi) all trading decisions have been the result of arm's length negotiations between the parties; and (vii) it is entering into this Contract with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume those risks (economic and otherwise).

11. ***Entire Addendum.*** This Addendum and the Supply Contract contain the entire agreement among the parties, and except as stated herein or therein there are no oral promises, agreements, warranties, obligations, or conditions, precedent or otherwise, affecting it.

12. ***Amendments***. Any change, modification, or alteration of this Addendum shall be in writing, signed by the parties hereto, and no course of dealing between or among any parties hereto shall be construed to alter any term hereof, except as expressly stated herein. No amendment to the Supply Contract shall affect the rights and obligations of the Dealer hereunder (other than changing the price at which gas is to be purchased by it hereunder) unless approved in writing by the Dealer. The Buyer shall provide the Dealer and MuniGas with a copy of each such amendment promptly after execution thereof.

13. ***Severability.*** Except as otherwise stated herein, if any provision hereof or application thereof shall be declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over any party hereto or deemed unlawful because of a statutory change, the remaining applications thereof and provisions of this Addendum shall nevertheless remain valid and enforceable.

14. ***Corporate Obligations.*** No recourse under or upon any obligation, covenant, or agreement contained in this Addendum, or for any claim based thereon or otherwise arising in respect thereof, shall be had against any incorporator or sponsor, or against any past, present, or future director, officer, employee, or member of the governing body, as such, of any party hereto or of any successor, or against any person or entity with whom any such party has contracted for goods or services, either directly or through such party, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment, judgment, or penalty, or otherwise; it being expressly understood that this Addendum is solely a corporate obligation, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, sponsors, directors, officers, or employees, as such, of such party or any successor, or any member of its governing body, or any such contracting person, or any of them, by reason of the obligations, covenants, or agreements contained in this Addendum or implied

therefrom, and that any and all such personal liability either at common law or equity or by constitution or statute of, and any and all such rights and claims against, every such incorporator, sponsor, member, director, officer, employee, or person, as such, are hereby expressly waived and released as a condition of, and in consideration for, the execution of this Addendum.

15. ***Government Regulation.*** The delivery and receipt of gas by the Dealer, the Buyer, and the Supplier or their designees hereunder are subject to all valid laws with respect to the subject matter hereof and to all valid present and future orders, rules, and regulations of duly constituted governmental authorities having jurisdiction.

16. ***Benefits of Contract.*** Nothing in this Addendum, expressed or implied, shall give any benefit or any legal or equitable right, remedy, or claim under this Addendum to any person or entity other than the parties hereto, MuniGas, and their successors and assigns permitted hereby.

17. ***Effective Date.*** Notwithstanding the date hereof, this Addendum shall not become operative or effective until the first day of the month following the later of (1) the effective date for qualification of the Buyer as a "Participant" under the Exchange Agreement and (2) first effective date for designation of a "Dealer's Point of Receipt" under the Exchange Agreement.

18. ***Term and Termination.*** This Addendum shall extend for a period of 30 years unless sooner terminated pursuant to this Section. This Addendum shall terminate on the earliest of (a) the cancellation, termination, or expiration of the Supply Contract, (b) the extension, renewal, modification, amendment, or replacement of the Supply Contract in a manner that adversely affects the rights and obligations of the Dealer hereunder (other than by changing the price at which gas is to be purchased by it hereunder) without the prior written approval of the Dealer, or (c) cancellation, termination, or expiration of the Exchange Agreement or of the rights and obligations of the Buyer under the Cooperative Contract. The Buyer, the Supplier, and the Dealer shall give the other parties notice of any such event which is known to it and would result in the termination of this Addendum. In addition, the Supplier may terminate this Addendum on account of any default by the Dealer in paying its obligations hereunder on the same terms and conditions as the Supplier may terminate the Supply Contract on account of any such default by the Buyer in paying its obligations thereunder. No such termination shall affect the obligations of the Supplier to indemnify the Dealer.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have duly authorized and caused this Addendum to be executed as of the date first hereinabove written in multiple originals.

Supplier's Addresses and Nos.:

Symmetry Energy Solutions, LLC
381 Riverside Drive, Suite 120
Franklin, TN 37064
Telephone: (615) 465-5800
Facsimile: (615) 465-5846

SYMMETRY ENERGY SOLUTIONS, LLC, as Supplier

By: .....
Name: …….
Title: ……

Dealer's Addresses and Nos.:

BP Energy Company
201 Helios Way
Houston, TX 77079

For Confirmations:
Telephone: (713) 323-1866
Facsimile: (713) 323-4934

For invoices and payments:
Attn: Gas Accounting
Telephone: (713) 323-4919
Facsimile: (713) 323-5935

For all other communications:
Attn: Contract Administration
Telephone: (713) 323-2000
Facsimile: (713) 323-0203

BP ENERGY COMPANY, as Dealer

By: .....
Name: …….
Title: …….

Buyer's Addresses and Nos.:

City of Tomball, Texas
401 Market Street
Tomball, TX 77375
Telephone: (281) 351-5484
Facsimile: (281) 351-6256

CITY OF TOMBALL, TEXAS, as Buyer

By: .....
Name: ……...
Title: ……...

PARTICIPANT ADDENDUM NO. 4

This Addendum to that certain Gas Exchange and Annual Balancing Agreement, dated as of January 1, 2006 (as amended from time to time, the "***Exchange Agreement***"), between Municipal Gas Acquisition and Supply Corporation ***("MuniGas")*** and BP Energy Company, a Delaware corporation (the ***"Dealer"***), is entered into by such parties and the Participant designated herein to designate a Participant, or one or more of such Participant's Buyer's Points of Receipt or a new Supply Contract and Supplier for such Participant, all of which shall be as follows effective with the Day that commences on the Effective Date specified below:

Participant:	City of Tomball, Texas
Participant's Address:	401 Market Street Tomball, Texas 77375
Participant's Buyer's Point(s) of Receipt:	North Gate and South Gate
Effective Date:	October 1, 2020
Supplier No. 1:	Eagle Energy Partners I, L.P.
Supplier's Address No. 1:	7904 N. Sam Houston Parkway W., Suite 200 Houston, Texas 77064
Supply Contract No. 1:	Base Contract for Sale and Purchase of Natural Gas between Eagle Energy Partners I, L.P. and the City of Tomball, Texas dated June 19, 2006.
Supply Contract Expiration Date No. 1:	Contract may be terminated by either party with 30 days written notice subject to the expiration of the latest Delivery Period of any transaction.
Supplier No. 2:	Eagle Rock Midstream, L.P.
Supplier Address No. 2:	P. O. Box 2968 Houston, TX 77252
Supply Contract No. 2:	Gas Purchase and Sales Contract by and between Eagle Rock Midstream, L.P., and City of Tomball, Texas, dated October 1, 2010.
Supply Contract No. 2 Expiration Date:	Automatic month-to-month extension unless terminated by either party upon thirty days' prior written notice.

Supplier No. 3:	Atmos Energy Marketing, LLC
Supplier Address No. 3:	13430 Northwest Freeway, Suite 700 Houston, TX 77040-6091
Supply Contract No. 3:	Gas Purchase and Sales Contract by and between Atmos Energy Marketing LLC., and City of Tomball, Texas, dated November 1, 2011.
Supply Contract No. 3 Expiration Date:	Automatic month-to-month extension unless terminated by either party upon thirty days' prior written notice.
Supplier No. 4:	Symmetry Energy Solutions, LLC
Supplier Address No. 4:	381 Riverside Drive, Suite 120 Franklin, TN 37064
Supply Contract No. 4:	Gas Sales Agreement by and between Symmetry Energy Solutions LLC., and City of Tomball, Texas, dated September 1, 2020.
Supply Contract No. 4 Expiration Date:	Automatic month-to-month extension unless terminated by either party upon thirty days' prior written notice.

This Addendum supersedes all prior addenda to the Exchange Agreement designating the same Participant.

Executed and delivered to be effective as of the above Effective Date.

BP ENERGY COMPANY	**MuniGas**
By:	By: .....
Name:	Name: Glen Pape
Title:	Title: President

CITY OF TOMBALL, TEXAS

By: .....
Name:
Title: