

RUDMAN TRACT PUBLIC IMPROVEMENT DISTRICT

TOWN OF LITTLE ELM, TX

SERVICE AND ASSESSMENT PLAN

APRIL 4, 2017

RUDMAN TRACT PUBLIC IMPROVEMENT DISTRICT

SERVICE AND ASSESSMENT PLAN

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Section I PLAN DESCRIPTION AND DEFINED TERMS

A. Introduction

On October 18, 2016, (the “Creation Date”) the Town Council of the Town of Little Elm (the “Town Council”) passed and approved Resolution No. 10181601 approving and authorizing the creation of Rudman Tract Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in the PID, all of which is presently located within the extraterritorial jurisdiction (“ETJ”) of the Town of Little Elm (the “Town”).

The property in the PID is proposed to be developed in approximately four phases, and the PID will finance improvements that benefit the entire property in the PID and improvements that benefit each phase as each phase is developed. Assessments will be imposed on all property in the PID for the improvements that benefit the entire PID and on the property in each phase for the public improvements to be provided for that phase.

Chapter 372 of the Texas Local Government Code, “Improvement Districts in Municipalities and Counties” (as amended, the “PID Act”), governs the creation of public improvement districts within the State of Texas. This Service and Assessment Plan has been prepared pursuant to Sections 372.013, 372.014, 372.015 and 372.016 of the PID Act. According to Section 372.013 of the PID Act, a service plan “must cover a period of at least five years and must also define the annual indebtedness and the projected costs for improvements. The plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements.” The service plan is described in Section IV of this Service and Assessment Plan. Section 372.014 of the PID Act states that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V.

Section 372.015 of the PID Act states that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the costs of the Authorized Improvements to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act states that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The Assessment Roll for the Future Phase Assessed Property is attached hereto as Appendix E and the Assessment Roll for the Phase #1 Assessed Property is attached hereto as Appendix F of this Service and Assessment Plan. The Assessments as shown on the Assessment Rolls are based on the method of assessment described in Section V of this Service and Assessment Plan.

B. Definitions

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

“**Actual Cost(s)**” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certification for Payment that has been reviewed and approved by the Town.

Actual Costs may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees and real estate acquisition costs, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (property and franchise) (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, plan review fees, County permit fees, development fees), insurance premiums, miscellaneous expenses, and all advances and payments for Administrative Expenses.

Actual Costs may include general contractor's fees in an amount up to a percentage equal to the percentage of work completed and accepted by the Town or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated. Actual Costs also may be paid to the Developer or any other person or entity only in the capacity of construction manager or only in the capacity of general contractor but not both.

“Administrator” means the employee or designee of the Town who shall have the responsibilities provided for herein, or in another agreement approved by the Town Council.

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (ii) computing, levying, billing and collecting Assessments or the installments thereof, (iii) investing or depositing of monies, (iv) complying with the PID Act and codes, (v) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (vi) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on applicable reimbursement obligations. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of Administrative Expenses.

“Annual Installment” means, with respect to each Assessed Property, each annual payment of: (i) the Assessment, as shown on the Assessment Roll attached hereto as Appendix E and Appendix F, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the interest on the outstanding Assessment amount, and (iii) Administrative Expenses as described in this Service and Assessment Plan.

“Annual Service Plan Update” has the meaning set forth in Section IV of this Service and Assessment Plan.

“Assessed Property” means, for any year, Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel 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 created by such subdivision or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means an Assessment Ordinance adopted by the Town Council approving the Service and Assessment Plan (including amendments, supplements or updates to the Service and Assessment Plan) and levying the Assessments.

“Assessment Revenues” mean the revenues actually received by the Town from Assessments levied within the PID.

“Assessment Roll” means, as applicable, the Phase #1 Assessment Roll and the Phase #2 Major Improvements Assessment Roll, an Assessment Roll for any Future Phase related to future phases of development or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Authorized Improvements” mean those public improvements described in Section 372.003 of the PID Act designed, constructed, and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments, including improvements for Future Phases described in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Certification for Payment” means the document to be provided by the Developer or construction manager to substantiate the Actual Cost of one or more Authorized Improvements.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means OPLE Prairie Oaks Development, Inc.

“Development Agreement” means that certain Development Agreement relating to the PID executed by and between the Developer and the Town effective June 7, 2016, as the same may be amended from time to time.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix D attached hereto.

“Future Phase(s)” means Phase(s) that are fully developed after Phase #1, as such areas are generally shown in Appendix A. The Future Phase(s) are subject to adjustment and are shown for example only.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a homeowners’ association established for the benefit of a group of homeowners or property owners within the PID.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the Official Public Records of Denton County, Texas.

“Major Improvements” means Authorized Improvements which benefit all Assessed Property within the PID and are described in Section III.B.

“Mustang Special Utility District” or **“Mustang”** means the holder of the certificates of convenience and necessity for the provision of retail water and sewer service to the property in the PID.

“Non-Benefited Property” means Parcels within the boundaries of the PID that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to Section VI-F remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI-D.

“Parcel” means a property identified by either a tax map identification number assigned by the Denton Central Appraisal District for real property tax purpose, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the Official Public Records of Denton County, or by any other means determined by the Town.

“Phase” means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Phase will be assessed in connection with the Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Phase.

“Phase #1” means the first Phase to be developed, identified as “Phase #1” and generally shown in Appendix A and as specifically depicted and described as the sum of all Parcels shown in Appendix F.

“Phase #1 Assessed Property” means all Parcels within Phase #1 other than Non-Benefited Property.

“Phase #1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix F, as updated, modified or amended from time to time in accordance with the

procedures set forth herein and in the PID Act or in connection with any Annual Service Plan Update.

“Phase #1 Improvements” means Authorized Improvements which only benefit Phase #1 Assessed Property and are described in Section III.C.

“Phase #1 Revenues” mean the revenues received by the Town from the collection of Assessments and Annual Installments for the Phase #1 Assessed Property.

“Phase #2” means the second Phase to be developed, identified as “Phase #2” and generally shown in Appendix A and as specifically depicted and described as the sum of all Parcels shown in Appendix E.

“Phase #2 Assessed Property” means all Parcels within the PID other than (a) Non-Benefited Property, and (b) Parcels within Phase #1.

“Phase #2 Major Improvements Assessment Roll” means the document included in this Service and Assessment Plan as Appendix E, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act or in connection with any Annual Service Plan Update.

“Phase #2 Major Improvements” means the prorata share of the Major Improvements proportionally allocated to the Phase #2 Assessed Property.

“Phase #2 Revenues” mean the revenues received by the Town from the collection of Assessments and Annual Installments for the Phase #2 Assessed Property.

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

“PID Act” means Texas Local Government Code Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“Prepayment Costs” mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the Town as a result of any prepayment of an Assessment.

“Property” has the meaning set forth in Section II.A of this Service and Assessment Plan.

“Public Property” means property right of way and easements within the boundaries of the PID that are owned by or irrevocably offered for dedication to the federal government, the State of Texas, Denton County, the Town, a school district, a public utility provider or any other public agency, whether in fee simple or through an exclusive use easement.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“TIRZ No. 6” means the Tax Increment Reinvestment Zone No. 6, Town of Little Elm, Texas.

“TIRZ Annual Credit Amount” means, for each Parcel, such Parcel’s prorated amount of TIRZ Revenues calculated pursuant to Section VI (A) of this Service and Assessment Plan.

“TIRZ Ordinance” means an ordinance adopted by the Town Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to certain public improvements as provided for in the Tax Increment Reinvestment Zone No. 6 Project Plan and Financing Plan (including amendments or supplements thereto).

“TIRZ Revenues” mean, for each year, the amounts paid by the Town from the TIRZ No. 6 tax increment fund pursuant to the TIRZ Ordinance to reduce an Annual Installment, as calculated each year by the Administrator in collaboration with the Town, in accordance with Section VI(A) of this Service and Assessment Plan.

“Town” means the Town of Little Elm, Texas.

“Town Council” means the duly elected governing body of the Town.

Section II

PROPERTY INCLUDED IN THE PID

A. Property Included in the PID

The PID is presently located within the ETJ of the Town and contains approximately 145.3 acres of land. A map of the property within the PID is shown in Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 480 detached single family residential units, and infrastructure necessary to provide roadways, drainage, water and wastewater to the property within the PID.

B. Property Included in Phase #1

The property within the PID consists of approximately 145.3 acres. Phase #1 consists of approximately 74.3 acres projected to consist of 275 single family residential units to be developed as Phase #1. A map of the property within the PID and Phase #1 is shown in Appendix A. A list of the Parcels within Phase #1 is included in Appendix F. A map depicting the boundaries of each proposed Phase is also included in Appendix A.

C. Property Included in Future Phases

The Future Phase(s) consist of the remainder of the property in the PID not included in Phase #1 and projected to consist of 205 single family residential units to be developed as part of the Future Phase(s). A map of the property within the PID and Future Phase(s) is shown in Appendix A. As Phases are developed, this Service and Assessment Plan will be updated to add additional details of each new Phase(s) as shown above for Phase #1. A map of the projected property within each Future Phase is shown in Appendix A. The Future Phases are shown for illustrative purposes only and are subject to adjustment.

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Section III

DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. Authorized Improvement Overview

Section 372.003 of the PID Act defines the improvements that may be undertaken by a municipality or county through the establishment of a public improvement district, as follows:

372.003. Authorized Improvements

- (a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.
- (b) A public improvement may include:
 - (i) landscaping;
 - (ii) erection of fountains, distinctive lighting, and signs;
 - (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
 - (iv) construction or improvement of pedestrian malls;
 - (v) acquisition and installation of pieces of art;
 - (vi) acquisition, construction, or improvement of libraries;
 - (vii) acquisition, construction, or improvement of off-street parking facilities;
 - (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
 - (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
 - (x) the establishment or improvement of parks;
 - (xi) projects similar to those listed in Subdivisions (i)-(x);
 - (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
 - (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement; and

- (xiv) payment of expenses incurred in the establishment, administration and operation of the district.

After analyzing the public improvement projects authorized by the PID Act, the Town has determined that the Authorized Improvements described Section III.B and Section III.C should be undertaken by the Town for the benefit of the property within the PID.

B. Description and Estimated Costs of Major Improvements

The Major Improvements that benefit the property within the PID include Major Improvements that benefit all phases. The costs of the Major Improvements are allocated proportionally throughout the entire the PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the number of units planned to be developed on each Parcel.

The Major Improvements are described below. The costs of these Major Improvements are shown in Table III-A. The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.

Roadway improvements: The road improvements part of the Major Improvements includes construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. The road improvements will provide street access to the PID as well as access to community roadways and state highways. All roadway projects will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Water distribution system improvements: The water distribution system improvements part of the Major Improvements consists of construction and installation of off-site water lines, mains, pipes, valves and appurtenances, necessary for the water distribution system, as well as related testing, trench safety and erosion protection. These water distribution system improvements will be designed and constructed in accordance with Mustang standards and specifications and will be owned and operated by Mustang.

Sanitary sewer collection system improvements: The sanitary sewer improvements part of the Major Improvements consists of construction and installation of sewer pipes, service lines, manholes, encasements and appurtenances. The sanitary sewer improvements will be designed and constructed in accordance with Mustang standards and specifications and will be owned and operated by the Mustang.

Storm Drainage collection system improvements: The storm drainage collection sewer improvements part of the Major Improvements consists of construction and installation of pipes, service lines, encasements and appurtenances. The storm drainage improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Table III-A
Estimated Costs of the Major Improvements

| Authorized Improvements | Estimated Cost |
|--|-----------------------|
| Roadway improvement costs | \$1,767,087 |
| Water distribution system improvement costs | \$891,664 |
| Sanitary sewer collection system improvement costs | \$649,076 |
| Storm drainage collection system improvements | \$557,879 |
| Other soft and miscellaneous costs | \$1,168,930 |
| Total estimated Major Improvement Costs | \$5,034,636 |

The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates.

C. Description and Estimated Costs of Phase #1 Improvements

The Phase #1 Revenues (excluding amounts collected for Administrative Expenses) will fund a portion of the costs of the Major Improvements (as described above in Section III.B) as well as the Phase #1 Improvements, which only benefit the Phase #1 Assessed Property.

The Phase #1 Improvements are described below. All of the Phase #1 Improvements provide benefit to Phase #1. The costs of the Phase #1 Improvements are shown in Table III-C. The costs shown in Table III-C are estimates and may be revised in Annual Service Plan Updates.

Roadway improvements: The road improvements part of the Major Improvements includes construction of perimeter road and thoroughfare improvements, including related paving, drainage, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices. The road improvements will provide street access to the PID as well as access to community roadways and state highways. All roadway projects will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Water distribution system improvements: The water distribution system improvements part of the Major Improvements consists of construction and installation of off-site water lines, mains, pipes, valves and appurtenances, necessary for the water distribution system, as well as related testing, trench safety and erosion protection. These water distribution system improvements will be designed and constructed in accordance with Mustang standards and specifications and will be owned and operated by the Mustang.

Sanitary sewer collection system improvements: The sanitary sewer collection system improvements part of the Major Improvements consists of construction and installation of sewer pipes, service lines, manholes, encasements and appurtenances. The sanitary sewer collection system improvements will be designed and constructed in accordance

with Mustang standards and specifications and will be owned and operated by the Mustang.

Storm Drainage collection system improvements: The storm drainage collection system improvements part of the Major Improvements consists of construction and installation of pipes, service lines, encasements and appurtenances. The storm drainage collection system improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Table III-B below shows the estimated costs of the Phase #1 Improvements.

**Table III-B
Estimated Phase #1 Improvement Costs**

| Authorized Improvements | Estimated Cost |
|---|-----------------------|
| Roadway improvement costs | \$2,165,227 |
| Water distribution system improvement costs | \$840,020 |
| Sanitary sewer collection system improvement costs | \$730,300 |
| Storm drainage collection system improvements | \$1,464,831 |
| Other soft and miscellaneous costs | \$1,097,280 |
| Subtotal - Estimated Phase #1 Improvement Costs | \$6,297,658 |
| Add: Phase #1 share of estimated Major Improvement Costs (\$5,034,636 × 56.96%) ¹ | \$2,867,610 |
| Total Estimated Phase #1 Improvement Costs | \$9,165,268 |

1 – See Section V (C) regarding % for allocation of the estimated costs of Major Improvements to Phase #1.

The costs shown in Tables III-A and III-B are estimates and may be revised in Annual Service Plan Updates. The detailed costs of the Authorized Improvements are shown in Appendix B to this Service and Assessment Plan. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements (i.e., the improvements for the benefit of property within the PID).

D. Future Phase Authorized Improvements

As Phases are developed, in association with execution of a reimbursement agreement for such Future Phase, this Service and Assessment Plan will be updated to identify the Authorized Improvements that benefit each Phase (e.g., a Table III-C will be added to show the estimated costs for Phase #2 Authorized Improvements, etc.).

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 PID during a five-year period. It is anticipated that it will take approximately 18 months for the Major Improvements to be constructed and approximately 18 months for the Phase #1 Improvements to be constructed. At some point after some or all of the Major Improvements and Phase #1 Improvements are constructed, Phase #2 will begin development with each Future Phase to be subsequently developed corresponding with a Service and Assessment Plan update for that Future Phase.

The total estimated costs for Major Improvements, Phase #1 Improvements and payment of expenses incurred in the establishment of the PID is \$11,862,294 shown in Table IV-A herein. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an Annual Service Plan Update.

Table IV-A summarizes the sources and uses of funds required to construct the Major Improvements, Phase #1 Improvements and the establishment of the PID. The Town will enter into a reimbursement agreement (“Reimbursement Agreement”) with the Developer to reimburse the Developer for the Actual Costs of the Authorized Improvements constructed, inspected and approved by the Town from Assessment Revenues collected (excluding amounts collected for Administrative Expenses) and the payment obligations under the Reimbursement Agreement may be assigned to issue bonds by third-party issuers. The sources and uses of funds shown in Table IV-A shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll. Any update to this Service and Assessment Plan is herein referred as an “Annual Service Plan Update.”

As Future Phases are developed, this Service and Assessment Plan will be updated to include costs of Authorized Improvements for those Future Phases and the additional Major Improvements, if any, benefiting the Future Phases.

As shown in Table IV-A below, the total par amount of the reimbursement agreement for the Phase #2 Major Improvements dated as of April 4, 2017 (the “Phase #2 Major Improvements Reimbursement Agreement”) is \$2,075,000 and the total amount of the Phase #2’s share of the Major Improvements funded is \$2,167,026. The total par amount of the reimbursement agreement for the Phase #1 Improvements dated as of April 4, 2017 (the “Phase #1 Reimbursement Agreement”) is \$7,300,000, the total amount of Phase #1 share of the Major Improvements is \$2,867,610 and the total amount of Phase #1 Improvements funded is \$6,297,658.

Table IV-A
Estimated Sources and Uses of Funds

| Sources of Funds | Phase #2 Major Improvements Reimbursement Agreement | Phase #1 Reimbursement Agreement | Total |
|---|--|---|---------------------|
| Reimbursement amount | \$2,075,000 | \$7,300,000 | \$9,375,000 |
| Other funding sources | \$393,902 | \$2,093,392 | \$2,487,294 |
| Total Sources | \$2,468,902 | \$9,393,392 | \$11,862,294 |
| Uses of Funds | | | |
| <i><u>Major Improvements</u></i> | | | |
| Road improvements | \$760,596 | \$1,006,491 | \$1,767,087 |
| Water distribution system improvements | \$383,793 | \$507,871 | \$891,664 |
| Sanitary sewer improvements | \$279,378 | \$369,698 | \$649,076 |
| Storm drainage improvements | \$240,124 | \$317,755 | \$557,879 |
| Other soft and miscellaneous costs | \$503,135 | \$665,795 | \$1,168,930 |
| <i>Subtotal</i> | <i>\$2,167,026</i> | <i>\$2,867,610</i> | <i>\$5,034,636</i> |
| <i><u>Phase I Improvements</u></i> | | | |
| Road improvements | \$0 | \$2,165,227 | \$2,165,227 |
| Water distribution system improvements | \$0 | \$840,020 | \$840,020 |
| Sanitary sewer improvements | \$0 | \$730,300 | \$730,300 |
| Storm drainage improvements | \$0 | \$1,464,831 | \$1,464,831 |
| Other soft and miscellaneous costs | \$0 | \$1,097,280 | \$1,097,280 |
| <i>Subtotal</i> | <i>\$0</i> | <i>\$6,297,658</i> | <i>\$6,297,658</i> |
| Estimated PID establishment related costs | \$301,875 | \$228,125 | \$530,000 |
| Total Uses | \$2,468,902 | \$9,393,392 | \$11,862,294 |

The annual projected costs and annual projected indebtedness are shown in Table IV-B. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year. The project indebtedness will either reflect anticipated or outstanding Assessments.

Table IV-B
Annual Projected Costs and Annual Projected Indebtedness

| Year | Annual Projected Cost | Annual Projected Indebtedness | Other Funding Sources |
|-------------|----------------------------------|--|----------------------------------|
| 2016 | \$11,862,294 | \$9,375,000 | \$2,487,294 |
| 2017 | \$0 | \$0 | \$0 |
| 2018 | \$0 | \$0 | \$0 |
| 2019 | \$0 | \$0 | \$0 |
| 2020 | \$0 | \$0 | \$0 |
| | \$11,862,294 | \$9,375,000 | \$2,487,294 |

The annual projected costs shown in Table IV-B are the annual expenditures relating to the Major Improvements shown in Table III-A, the Phase #1 Improvements shown in Table III-B and the costs associated with establishing the PID shown in Table IV-A herein. The difference between the total projected cost and the total projected indebtedness, if any, is an amount contributed by the Developer. As Future Phases are developed, this Table IV-B will be updated to identify the Future Phase Authorized Improvements and the projected indebtedness. The project indebtedness will reflect either anticipated or outstanding Assessments.

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Section V

ASSESSMENT PLAN

A. Introduction

The PID Act requires the Town Council to apportion the Actual Cost of the Authorized Improvements on the basis of special benefits conferred upon the Property by the Authorized Improvements. The PID Act provides that the Actual Costs may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes or improvements.

For purposes of this Service and Assessment Plan, the Town Council has determined that the costs of the Major Improvements and the Phase #1 Improvements shall be allocated to the Assessed Property as described below:

1. The Major Improvement costs shall be allocated to the Phase #1 Assessed Property and Phase #2 Assessed Property on the basis of the Equivalent Units to be developed within the PID as shown under (C) below, and that such method of allocation will result in the imposition of equal shares of the costs of the Major Improvements to Parcels similarly benefited within the PID.
2. The costs of Major Improvements funded through the Phase #2 Major Improvements Reimbursement Agreement shall be allocated to the Phase #2 Assessed Property on the basis of the Equivalent Units to be developed within Phase #2, and that such method of allocation will result in the imposition of equal shares of the costs of the Phase #2 Major Improvements to Parcels similarly benefited.
3. The costs of Major Improvements allocated to Phase #1 and the costs of Phase #1 Improvements funded through the Phase #1 Reimbursement Agreement shall be allocated to the Phase #1 Assessed Property on the basis of the Equivalent Units to be developed within Phase #1, and that such method of allocation will result in the imposition of equal shares of applicable Phase #1 Improvement costs to Parcels similarly benefited.
4. The remaining costs of Major Improvements allocated to Phase #2 shall be allocated to the Phase #2 Assessed Property on the basis of the Equivalent Units to be developed within Phase #2, and that such method of allocation will result in the imposition of equal shares of the remaining costs of Major Improvements to Parcels similarly benefited.

At this time it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Phases will receive from Authorized Improvements for such Future Phases. Therefore, at this time Parcels will only be assessed for the special benefits conferred upon the Parcel because of the Major Improvements and Phase #1 Improvements.

In connection with the execution of additional reimbursement agreement(s) for Phase #2, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Phase receives from Authorized Improvements for Future Phases funded through the Assessments with respect to that Future Phase or pursuant to a Reimbursement Agreement for that Future Phase. Prior to assessing Parcels located within Future Phases, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs.

This section of this Service and Assessment Plan currently describes the special benefit received by each Parcel within the PID as a result of the Major Improvements and Phase #1 Improvements, provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments, and establishes the methodologies by which the Town Council allocates and reallocates the special benefit of the Major Improvements and the Phase #1 Improvements to Parcels in a manner that results in equal shares of the Actual Costs being apportioned to Parcels similarly benefited. The determination by the Town Council of the assessment methodologies set forth below is the result of the discretionary exercise by the Town Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

As Future Phases are developed, this Service and Assessment Plan will be updated based on the Town's determination of the assessment methodology for each Future Phase.

B. Special Benefit

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs incurred in the establishment of the PID shown in Table IV-A are authorized by the Act.

Each of the owners of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

Each owner of the Assessed Property has ratified, confirmed, accepted, agreed to and approved; (i) the determinations and finding by the Town Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs using Bond proceeds has been determined by the Town Council to be the most beneficial means of doing so. As a result, the Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This

conclusion is based on and supported by the evidence, information, and testimony provided to the Town Council.

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

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the Assessed Property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the Authorized Improvement costs using Bond proceeds is determined to be the most beneficial means of providing for the Authorized Improvements; and,
6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. Allocation of Actual Costs of Major Improvements

The Major Improvements will provide a special benefit to all property in the PID. Accordingly, the Actual Costs of the Major Improvements must be allocated between Phase #1 Assessed Property and Phase #2 Assessed Property based on the special benefit each receives. Table IV-A summarizes the allocation of the estimated cost of Major Improvements. The costs shown in Table IV-A are estimates and may be revised in Annual Service Plan Updates, but may not result in increased Assessments without consent by each of the owners of the Parcels to the imposition of the increased Assessments to pay for the Actual Costs.

Phase #1 is projected to contain 275 residential units representing 243.38 total Equivalent Units as shown in Appendix D. Phase #2 is projected to contain 205 residential units representing 183.92 total Equivalent Units as shown in Appendix D. The total projected Equivalent Units in the PID is, therefore, calculated to be 427.30 (i.e. $243.38 + 183.92 = 427.30$). As a result, 56.96 percent of the estimated costs of Major Improvements (i.e. $243.38 \div 427.30 = 56.96\%$) are allocated to the Phase #1 Assessed Property and 43.04 percent of the estimated costs of Major Improvements (i.e. $183.92 \div 427.30 = 43.04\%$) are allocated to the Phase #2 Assessed Property. The Phase #1 Reimbursement Agreement will fund the estimated costs of the Major Improvements allocated to Phase #1 and the Phase #1 Improvements benefiting only the Phase #1 Assessed Property. The Phase #2 Major Improvements Reimbursement Agreement will fund

a portion of the estimated costs of the Major Improvements allocated to Phase #2 benefiting only the Phase #2 Assessed Property.

D. Assessment Methodology

The Actual Costs may be assessed by the Town Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the amount of the Assessments. The Actual Costs may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Phase #1

For purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the portion of the Major Improvement costs shall be allocated to the Phase #1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of units anticipated to be developed on each Parcel.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units to be constructed on each newly created Parcel, as determined by the Administrator and confirmed by the Town Council. The result of this approach is that each final residential Lot Type within a recorded subdivision plat will have the same Assessment.

As shown in Section IV, Table IV-A of this Service and Assessment Plan, the total par amount of the Phase #1 Reimbursement Agreement is \$7,300,000. The total amount of Phase #1 Assessments is, therefore, \$7,300,000. The total Equivalent Units planned to be developed in Phase #1 is 243.38. As a result, the Phase #1 Assessment per Equivalent Unit is \$29,994 ($\$7,300,000 \div 243.38 = \$29,994$).

A summary of the Assessment per Equivalent Unit of each Phase #1 lot is shown in Table V-A below.

**Table V-A
Phase #1 Assessment per unit**

| Description | Total Assessment |
|--|-----------------------------|
| Phase #1 Improvements Funded through the Phase #1 Reimbursement Agreement | \$7,300,000 |
| Estimated total Equivalent Units in Phase #1 lots | 243.38 |
| Phase #1 Assessment per Equivalent Unit | \$29,994 |

2. Assessment Methodology for Future Phase(s)

For purpose of this Service and Assessment Plan, the Town Council has determined that the Actual Costs of the portion of the Major Improvement costs shall be allocated to the Phase #2

Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of units anticipated to be developed on each Parcel.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated number of units to be constructed on each newly created Parcel, as determined by the Administrator and confirmed by the Town Council. The result of this approach is that each final residential Lot within a recorded subdivision plat will have the same Assessment.

As shown in Section IV, Table IV-A of this Service and Assessment Plan, the total par amount of the Phase #2 Major Improvements Reimbursement Agreement is \$2,075,000. The total amount of Phase #2 Assessments is, therefore, \$2,075,000. The total Equivalent Units planned to be developed in Phase #2 is 183.92. As a result, the Phase #2 Assessment per Equivalent Unit is \$11,282 ($\$2,075,000 \div 183.92 = \$11,282$).

A summary of the Assessment per unit of each Phase #2 Lot is shown in Table V-B below.

Table V-B
Phase #2 Assessment per unit

| Description | Total Assessments |
|---|--------------------------|
| Major Improvements Funded through the Phase #2 Major Improvements Reimbursement Agreement | \$2,075,000 |
| Estimated total Equivalent Units of Phase #2 Lots | 183.92 |
| Phase #2 Assessment per Equivalent Unit | \$11,282 |

3. Assessments

The Assessments for the applicable Authorized Improvements will be levied on each Parcel according to the Phase #1 Assessment Roll and the Phase #2 Major Improvements Assessment Roll, attached hereto as Appendix F and Appendix E, respectively. The Annual Installments will be collected at the time and in the amounts shown on the Phase #1 Assessment Roll and the Phase #2 Major Improvements Assessment Roll, respectively, subject to any revisions made during an Annual Service Plan Update.

4. Administrative Expenses

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Phase #1 Assessment Roll and the Phase #2 Major Improvements Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

5. TIRZ Annual Credit Amount

Pursuant to the TIRZ Ordinance, the Town has agreed to use TIRZ Revenues generated from each Parcel to offset a portion of such Parcel's PID assessments (the "TIRZ Annual Credit Amount"). The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to the Parcel then on deposit in the TIRZ No. 6 tax increment fund. The TIRZ Annual Credit Amount applicable to each Parcel shall be calculated as described under Section VI (A) of this Service and Assessment Plan.

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Section VI

TERMS OF THE ASSESSMENTS

A. Amount of Assessments and Annual Installments for Parcels Located within Phase #1

The Assessment and Annual Installments for each Parcel of Assessed Property located within Phase #1 is shown on the Phase #1 Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest required on the Phase #1 Reimbursement Agreement, and (ii) to cover Administrative Expenses of Phase #1. The Annual Installment for each Parcel shall be calculated by taking into consideration any available TIRZ Annual Credit Amount or other available funds applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis.

As described in Section V-5, the TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2016 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2017). TIRZ Annual Credit Amounts shall be calculated for those Parcels that are subject to Assessments in the PID. The Equivalent Units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

B. Amount of Assessments and Annual Installments for Parcels Located Within Phase #2

The Assessment and Annual Installments for each Assessed Property located within Phase #2 is shown on the Phase #2 Major Improvements Assessment Roll, attached as Appendix E, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the applicable Phase #2 Major Improvements Reimbursement Agreement, and (ii) to cover Administrative Expenses for Phase #2. The Annual Installment for each Parcel shall be calculated by taking into consideration any available TIRZ Annual Credit Amount or other available funds applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis.

As described in Section V-5, the TIRZ Revenues attributable to each Parcel of Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2016 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2017). TIRZ Annual Credit Amounts shall be calculated for those Parcels that are subject to Assessments in the PID. The Equivalent Units to be used for the calculation of

the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

As the Phase #2 is developed, this Service and Assessment Plan will be amended to determine the additional Assessment and additional Annual Installments for each Assessed Property, if any, located within Phase #2 (e.g., an Appendix F will be updated). The Assessments shall not exceed the benefit received by the Assessed Property.

C. Reallocation of Assessments for Parcels Located Within the PID

1. Upon Subdivision Prior to Recording of Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the estimated Equivalent Units to be built on the newly subdivided Parcel

D = the sum of the estimated Equivalent Units for all of the newly subdivided Parcels

The calculation of the estimated units of a Parcel shall be performed by the Administrator and confirmed by the Town Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcels prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. 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 Town 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 Lots according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the new subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the estimated Equivalent Units to be built on the newly subdivided Parcel

D = the sum of the estimated Equivalent Units for all of the newly subdivided Parcels

The calculation of the estimated number of units and related Equivalent Units to be built on a Parcel shall be performed by the Administrator and confirmed by the Town Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the Town Council.

3. Upon Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. 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 and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be calculated by the Administrator and reflected in an update to this Service and Assessment Plan approved by the Town Council.

6. Reallocation of Assessments for Parcels Located Within Future Phases

As Future Phases are developed, this Service and Assessment Plan will be updated to determine the assessment reallocation methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within each Future Phase.

D. Mandatory Prepayment of Assessments

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the Town the full amount of the Principal Portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

3. The payments required above shall be treated the same as any Assessment that is due and owing under the Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the Act.

E. Reduction of Assessments

1. If after all Authorized Improvements to be funded with the reimbursement agreements have been completed, including any additional Authorized Improvements described herein, and Actual Costs for such Authorized Improvements are less than the Actual Costs used to calculate the Assessments securing such reimbursement obligations, then the Assessment securing such reimbursement obligations for each Parcel of Assessed Property shall be reduced by the Town Council prorata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the outstanding reimbursement obligations. If all of the Authorized Improvements are not completed, the Town may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If the Authorized Improvements to be funded with the respective reimbursement agreements, including any additional Authorized Improvements described herein, are not undertaken by the Town, the Assessment securing such reimbursement obligations for each Assessed Property shall be reduced by the Town Council to reflect only the Actual Costs that were expended. The Town Council shall reduce such Assessments for each Assessed Property pro rata such that the sum of the resulting reduced Assessments equals the Actual Costs with respect to such Authorized Improvements that were undertaken. The Assessments shall not be reduced to an amount less than the related outstanding reimbursement obligations.

F. Payment of Assessments

1. Payment in Full

(a) The Assessment for any Parcel may be paid in full at any time. Payment shall include all Prepayment Costs.

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

(c) Upon payment in full of an Assessment and all Prepayment Costs, the Town shall deposit the payment in accordance with this Service and Assessment Plan or the applicable reimbursement agreement; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

(d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the Act authorizes the Town to collect interest and collection costs on the outstanding Assessment. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown in the Phase #2 Major Improvements Assessment Roll and Phase #1 Assessment Roll, which includes interest on the outstanding Assessment and Administrative Expenses.

Each Assessment shall be paid with interest based on an interest rate of 9.883% per annum for years 1 through 5 and 6.883% per annum following the fifth Annual Installment. Each Assessment shall be paid at a rate not to exceed five hundred basis points above the highest average index rate for tax-exempt bond reported in a daily or weekly bond index approved by the Town and reported in the month prior to the establishment of the Assessments and continuing for a period of five years from such date. Such rate shall then adjust and shall not exceed two hundred basis points above the bond index rate described above and shall continue until the Assessments are paid in full. The index approved by the Town is the Bloomberg BBB Muni Revenue Bond Valuation Index for which the highest average rate during March 2016 was 4.883%. The Town has determined that the Assessments shall bear interest at the rate of 9.883% per annum for years 1 through 5 and 6.883% per annum following the fifth Annual Installment, which rate are equal to both the initial maximum allowable rate of interest of 9.883% as well as the maximum allowable rate of interest following the fifth Annual Installment, which would be 6.883%. Furthermore, the principal and interest component of the Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessment Rolls, updated with the actual interest rate on the respective Reimbursement Agreements, are shown in Appendix E and Appendix F.

The Annual Installments shall be reduced to equal the actual costs of repaying the reimbursement obligation under the applicable reimbursement agreement and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

G. Collection of Annual Installments

No less frequently than annually, the Administrator shall prepare, and the Town 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 Phase #1 Assessment Roll, Phase #2 Major Improvements Assessment Roll, and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under this Service and Assessment Plan, such as available TIRZ Annual Credit Amounts and any other funds available to the Town for such purpose. Annual Installments shall be collected by the Town in the same manner and at the same time as 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 Town. The Town Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the Act.

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

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be assessed on September 1 and shall be due on October 1 of that year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

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Section VII THE ASSESSMENT ROLL

A. Phase #1 Assessment Roll

Each Parcel within the Phase #1 has been evaluated by the Town Council (based on the developable area, proposed Homeowner Association Property and Public Property, the Phase #1 Improvements, a proportionate share of the Major Improvements, best and highest use of land, and other development factors deemed relevant by the Town Council) to determine the Assessed Property within the Parcel.

Phase #1 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the proportionate share of Major Improvements and Phase #1 Improvements. Table IV-A summarizes the \$9,393,392 in special benefit received by the Phase #1 Assessed Property from the Major Improvements, the Phase #1 Improvements and the estimated PID establishment costs. As such the total Assessment for all Assessed Property within Phase #1 is \$7,300,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Phase #1 is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #1 Assessment Roll is attached hereto as Appendix F.

B. Phase #2 Major Improvements Assessment Roll

Each Parcel within Phase #2 has been evaluated by the Town Council (based on the developable area, proposed Homeowner Association Property and Public Property, a proportionate share of the Major Improvements, best and highest use of land, and other development factors deemed relevant by the Town Council) to determine the Assessed Property within the Parcel.

The Phase #2 Assessed Property will be assessed for the special benefits conferred upon the property as a result of the proportionate share of the Major Improvements. Table IV-A summarizes the \$2,468,902 in special benefit received by the Phase #2 Assessed Property from the Major Improvements and the estimated PID establishment costs. As such the total Assessment for all Assessed Property within Phase #2 is \$2,075,000 plus annual Administrative Expenses. The Assessment for each Parcel of Assessed Property within the Phase #2 is calculated based on the allocation methodologies described in Section V.D of this Service and Assessment Plan. The Phase #2 Major Improvements Assessment Roll is attached hereto as Appendix E.

C. Annual Assessment Roll Updates

The Administrator shall prepare, and shall submit to the Town Council for approval, annual updates to the Phase #1 Assessment Roll and Phase #2 Major Improvements Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the Town and permitted by the Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.F of this Service and Assessment Plan.

Section VIII MISCELLANEOUS PROVISIONS

A. Administrative Review

The Town may elect to designate a third party to serve as Administrator. The Town shall notify Developer in writing at least thirty (30) days in advance before appointing a third party Administrator.

To the extent consistent with the Act, an owner of an 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 Town not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Property owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

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

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

The Assessment on a Parcel 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 Town shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination."

C. Amendments

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

The Town Council reserves the right to the extent permitted by the Act to amend this Service and Assessment Plan without notice under the Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide

procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by the Service and Assessment Plan.

D. Administration and Interpretation of Provisions

The Town Council shall administer (or cause the administration of) the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act, and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein, such determination shall be conclusive.

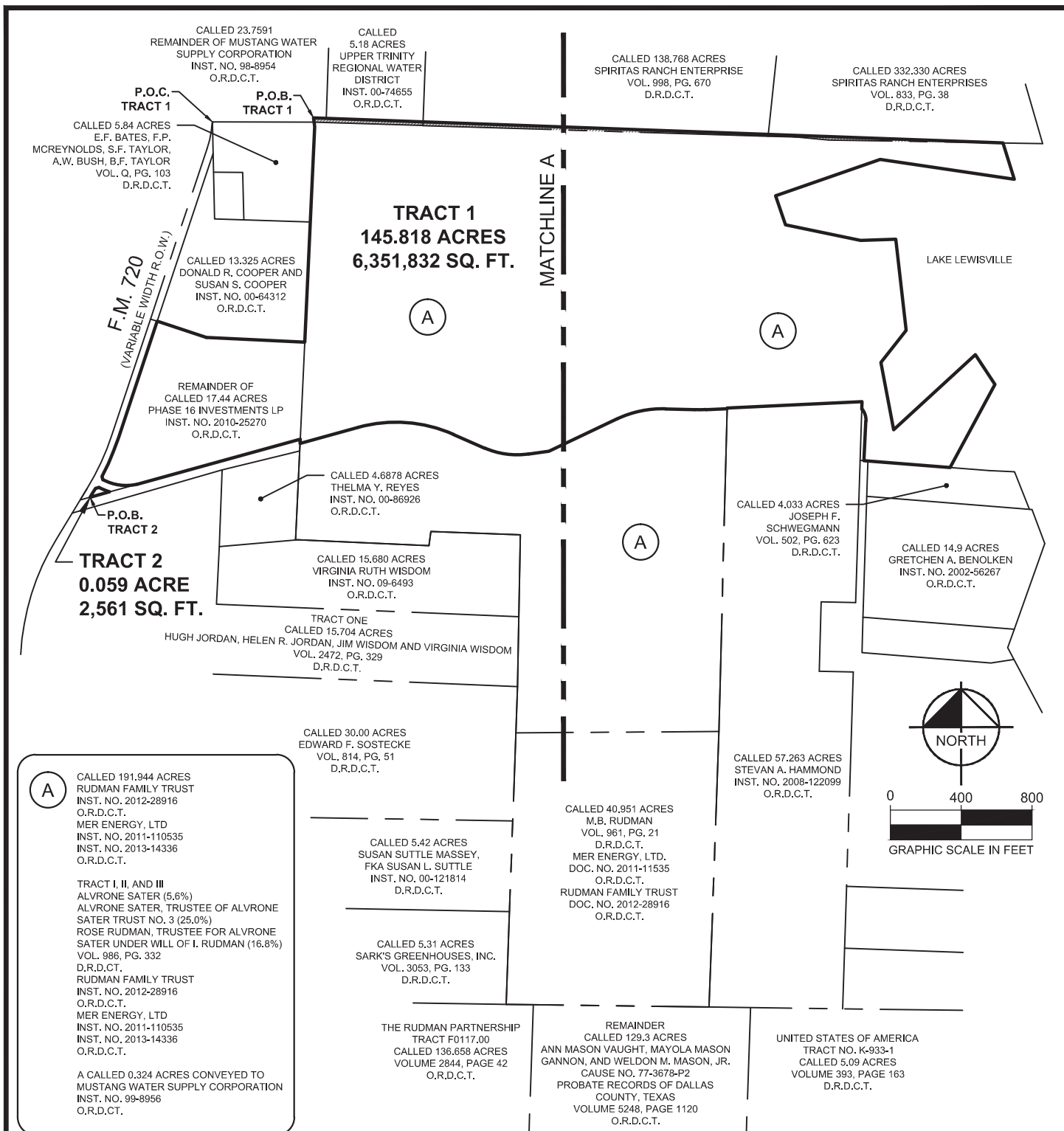
E. Severability

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

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

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Appendix A
PID and Phase MAPs



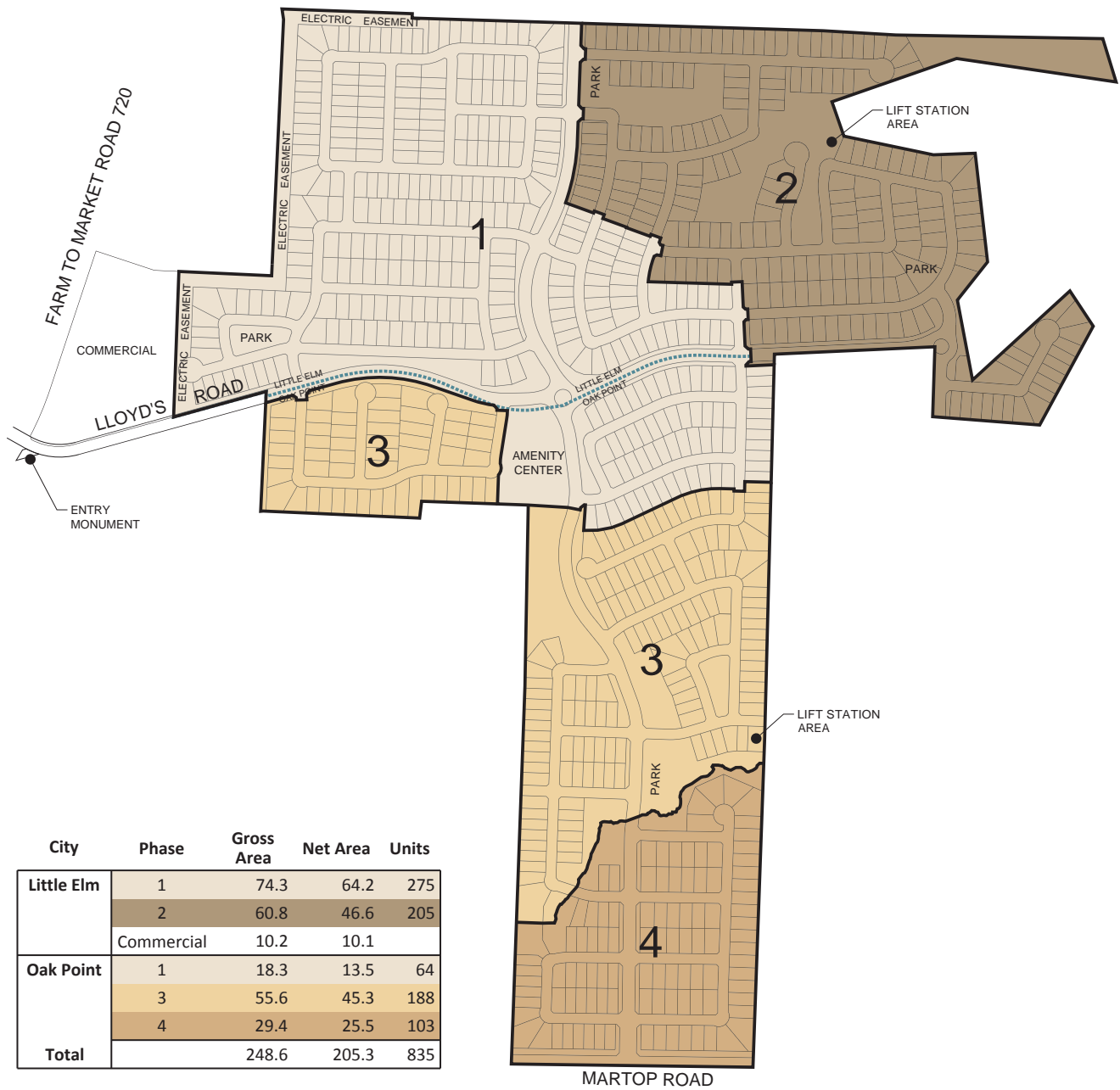
Kimley»Horn

5750 Genesis Court, Suite 200
Frisco, Texas 75034

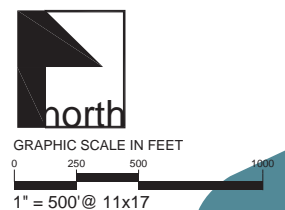
FIRM # 10193822

Tel. No. (972) 335-3580
Fax No. (972) 335-3779

| Scale | Drawn by | Checked by | Date | Project No. | Sheet No. |
|-----------|----------|------------|------------|-------------|-----------|
| 1" = 800' | SG | KHA | 05/10/2016 | 069312504 | 6 OF 8 |



| Phase | Little Elm | | Oak Point | | Phase |
|-------|------------|---------|-----------|---------|-------|
| | 50' Lot | 60' Lot | 50' Lot | 60' Lot | Total |
| 1 | 186 | 89 | 64 | | 339 |
| 2 | 124 | 81 | | | 205 |
| 3 | | | 133 | 55 | 188 |
| 4 | | | 38 | 65 | 103 |
| Total | 310 | 170 | 235 | 120 | 835 |



Kimley»Horn

5750 Genesis Court
Suite 200
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928

NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND HAS NOT BEEN PREPARED FOR THE BENEFIT OF A SURVEY. TOPOGRAPHY, UTILITIES, CONTACT WITH ADJACENT ETC.

Appendix B
Estimated Costs of the Authorized Improvements



POD COST SUMMARY - TOWN OF LITTLE ELM

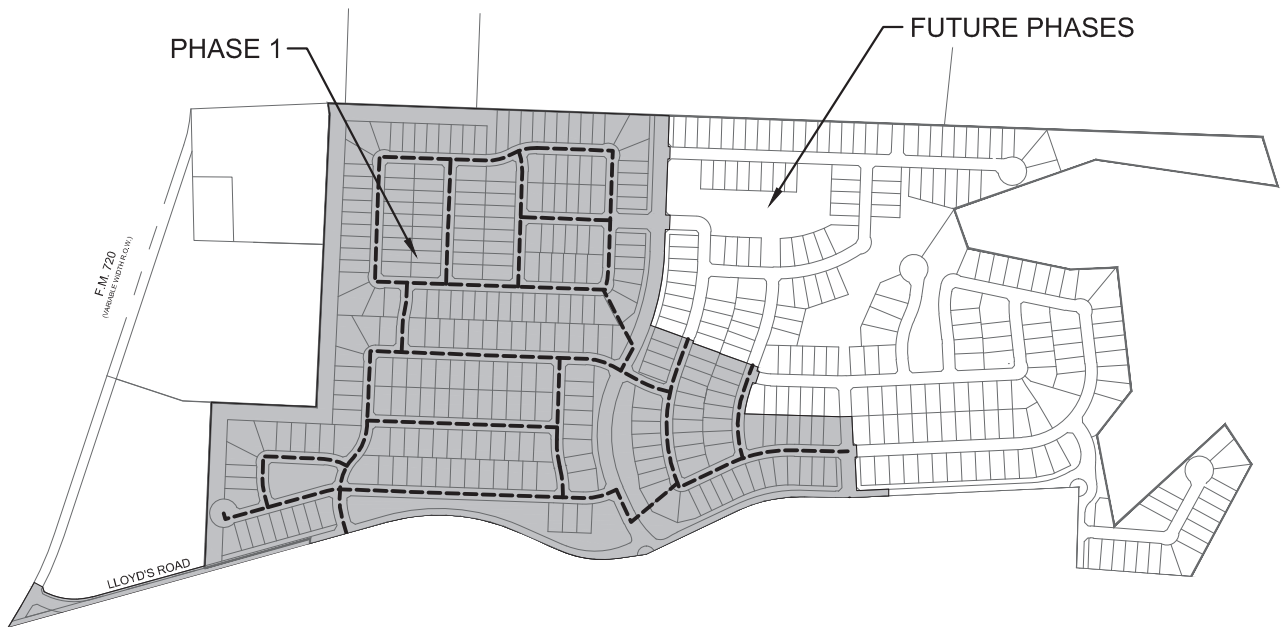
PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COST - IMPORTANT NOTES APPLY
RUDMAN NORTH TRACT - TOWN OF LITTLE ELM
JULY 28, 2016

| DIVISION / POD / COST TYPE SUMMARY - TOWN OF LITTLE ELM IMPROVEMENTS | | | | | | | | | | | | |
|--|---------------|-------------|--|--------------|---------------|-------------|--|-------------|-------------|-------------|--|-------------|
| DIVISION | DIRECT PUBLIC | | | TOTAL | MASTER PUBLIC | | | TOTAL | PRIVATE | | | TOTAL |
| | 1-LE | 2-LE | | | 1-LE | 2-LE | | | 1-LE | 2-LE | | |
| CLEARING & EXCAVATION | \$118,820 | \$138,899 | | \$257,719 | \$80,721 | \$11,671 | | \$92,392 | \$1,425,116 | \$1,114,610 | | \$2,539,726 |
| WATER | \$782,520 | \$567,632 | | \$1,350,152 | \$602,531 | \$85,633 | | \$688,164 | \$0 | \$0 | | \$0 |
| SEWER | \$730,300 | \$657,966 | | \$1,388,266 | \$19,060 | \$630,017 | | \$649,076 | \$0 | \$0 | | \$0 |
| STORM SEWER | \$1,410,764 | \$707,308 | | \$2,118,092 | \$493,354 | \$42,665 | | \$536,019 | \$0 | \$0 | | \$0 |
| PAVEMENT | \$2,046,407 | \$1,951,748 | | \$3,998,157 | \$1,404,487 | \$270,197 | | \$1,674,695 | \$0 | \$0 | | \$0 |
| RETAINING WALLS | \$0 | \$0 | | \$0 | \$0 | \$0 | | \$0 | \$191,300 | \$938,425 | | \$1,127,725 |
| EROSION CONTROL | \$54,047 | \$48,129 | | \$102,177 | \$14,145 | \$7,715 | | \$21,860 | \$54,095 | \$42,878 | | \$96,973 |
| AMENITIES, LANDSCAPE, & SCREENING | \$0 | \$0 | | \$0 | \$0 | \$0 | | \$0 | \$2,719,400 | \$568,000 | | \$3,307,400 |
| FRANCHISE UTILITIES | \$77,500 | \$80,000 | | \$137,500 | \$190,000 | \$13,500 | | \$203,500 | \$556,250 | \$358,750 | | \$915,000 |
| MISCELLANEOUS & OTHER | \$0 | \$0 | | \$0 | \$193,750 | \$13,875 | | \$207,625 | \$113,125 | \$76,875 | | \$190,000 |
| SUB-TOTAL | \$5,200,378 | \$4,131,683 | | \$9,332,062 | \$2,988,057 | \$1,075,274 | | \$4,073,330 | \$5,059,298 | \$3,117,538 | | \$8,176,824 |
| PLANNING, SURVEY, PLATTING, ENG., LA, PERMITTING, & STAKING | \$520,038 | \$413,168 | | \$933,206 | \$374,757 | \$134,409 | | \$509,166 | \$379,446 | \$233,815 | | \$813,262 |
| CONSTRUCTION MANAGEMENT | \$52,004 | \$41,317 | | \$93,321 | \$29,881 | \$10,753 | | \$40,733 | \$50,593 | \$31,175 | | \$81,768 |
| CITY FEES | \$5,200 | \$4,132 | | \$9,332 | \$2,988 | \$1,075 | | \$4,073 | \$5,059 | \$3,118 | | \$8,177 |
| MISCELLANEOUS & CONTINGENCY | \$520,038 | \$413,168 | | \$933,206 | \$299,806 | \$107,527 | | \$407,333 | \$505,929 | \$311,754 | | \$817,662 |
| TOTAL | \$6,297,659 | \$5,003,488 | | \$11,301,127 | \$3,705,698 | \$1,328,038 | | \$5,034,636 | \$6,000,313 | \$3,697,400 | | \$9,697,713 |

| POD TOTAL SUMMARY - TOWN OF LITTLE ELM IMPROVEMENTS | | | |
|---|--------------|--------------|--------------|
| COST TYPE | 1-LE | 2-LE | TOTAL |
| DIRECT PUBLIC | \$6,297,659 | \$5,003,488 | \$11,301,127 |
| MASTER PUBLIC | \$3,705,598 | \$1,328,038 | \$5,034,636 |
| PRIVATE | \$6,000,313 | \$3,697,400 | \$9,697,713 |
| TOTAL | \$16,003,570 | \$10,028,906 | \$26,033,476 |

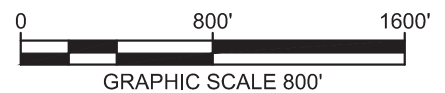
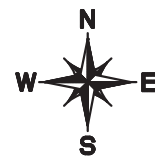
Appendix C
Diagram of Authorized Improvements





LEGEND

INDICATES LOCATION
OF IMPROVEMENTS



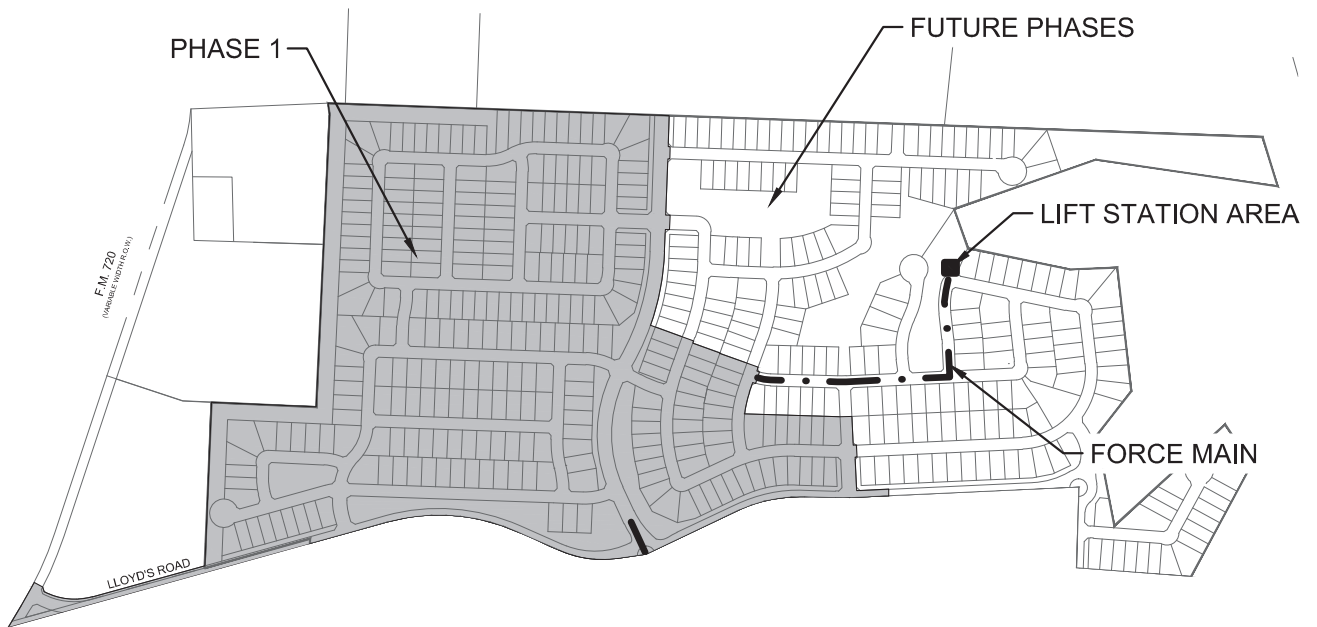
TOWN OF LITTLE ELM DIRECT PUBLIC
SANITARY SEWER INFRASTRUCTURE

Rudman Tract

Town of Little Elm, Texas
November 2016

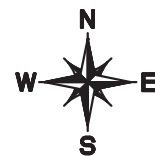
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Suite 200
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928



LEGEND

INDICATES LOCATION
OF IMPROVEMENTS



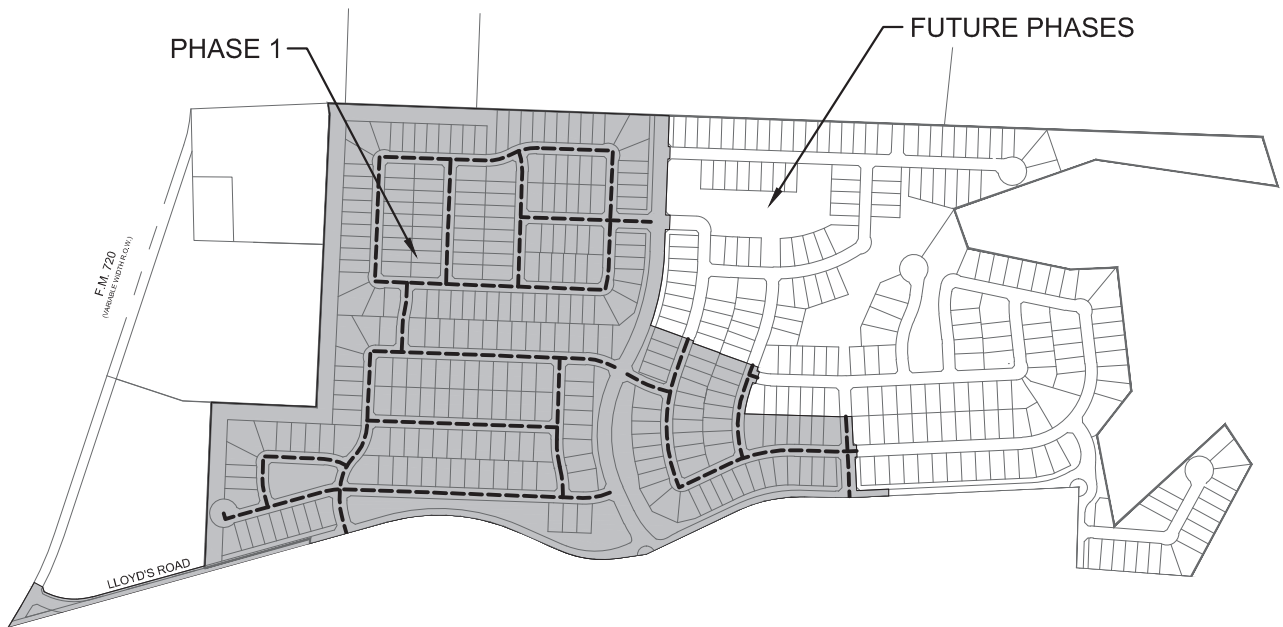
TOWN OF LITTLE ELM MASTER PUBLIC
SANITARY SEWER INFRASTRUCTURE

Rudman Tract

Town of Little Elm, Texas
November 2016

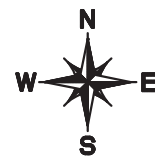
Kimley»Horn

5750 Genesis Court
Suite 200
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928



LEGEND

INDICATES STORM DRAIN
PIPE & APPURTENANCES
ASSOCIATED WITH
STREET ROW



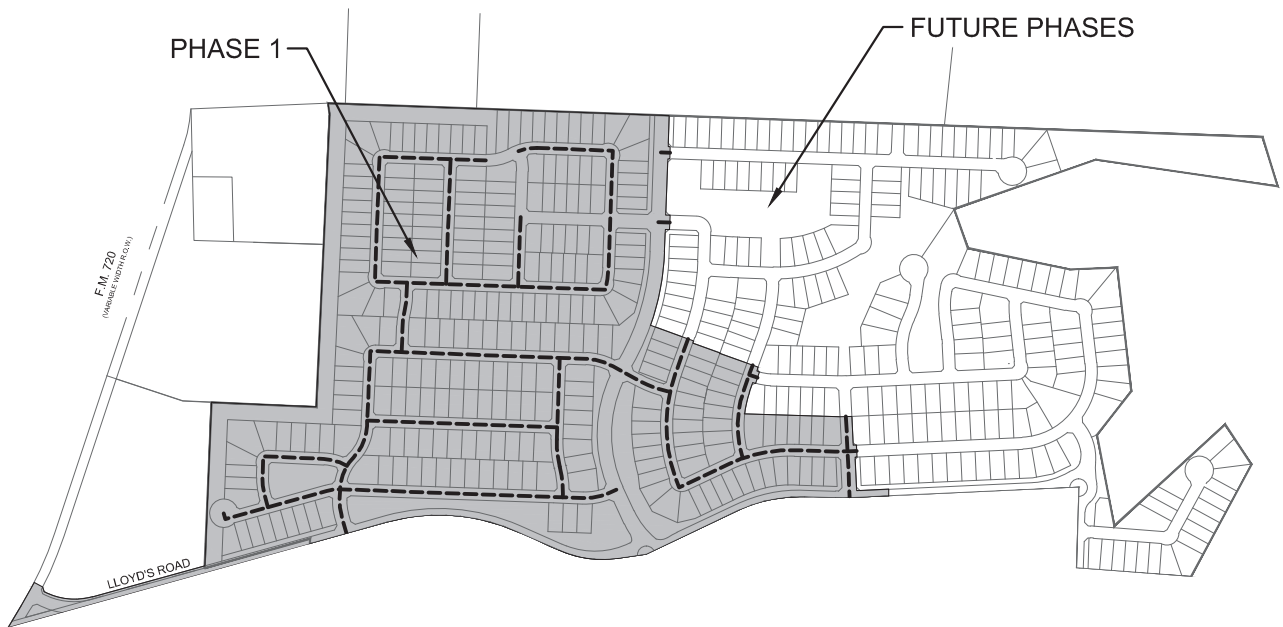
TOWN OF LITTLE ELM DIRECT PUBLIC
STORM DRAIN INFRASTRUCTURE

Rudman Tract

Town of Little Elm, Texas
November 2016

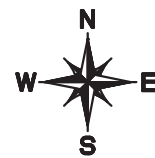
Kimley»Horn

5750 Genesis Court
Suite 200
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928



LEGEND

INDICATES LOCATION
OF IMPROVEMENTS



TOWN OF LITTLE ELM DIRECT
PUBLIC WATER INFRASTRUCTURE

Rudman Tract

Town of Little Elm, Texas
November 2016

Kimley»Horn

5750 Genesis Court
Suite 200
Frisco, Texas 75034
972-335-3580
State of Texas Registration No. F-928

FITZPATRICK, AUSTIN 11/3/2016 1:56 PM
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LAST SAVED

Appendix D
Equivalent Units and Allocation of Assessments

Appendix D Equivalent Units and Allocation of Assessments

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of two Lot Types as defined herein. The following table shows the proposed residential Lot Types within the PID.

“Lot type 1” means lots identified as such on the Assessment Roll, being lots typically with a minimum of 7,200 square feet size and a lot width of 60 feet, which may be referred to as such in the development standards included in the Development Agreement .

“Lot type 2” means lots identified as such on the Assessment Roll, being lots typically with minimum of 6,000 square feet size and a lot width of 50 feet, which may be referred to as such in the Planned Development District.

**Table D-1
Proposed Development within the PID**

| Lot Type | Description | Proposed Development |
|---------------------------|--------------------|-----------------------------|
| <u>Residential</u> | | |
| Lot Type 1 | 60 Ft Lots | 170 units |
| Lot Type 2 | 50 Ft Lots | 310 units |
| <i>Total</i> | | 480 units |

Table D-2 below shows the proposed residential Lot Types within Phase #1.

**Table D-2
Proposed Development – Phase #1**

| Type | Description | Proposed Development |
|---------------------------|--------------------|-----------------------------|
| <u>Residential</u> | | |
| Lot Type 1 | 60 Ft Lots | 89 units |
| Lot Type 2 | 50 Ft Lots | 186 units |
| <i>Total</i> | | 275 units |

Table D-3 below shows the proposed residential Lot Types within Future Phase(s).

Table D-3
Proposed Development – Future Phase(s)

| Type | Description | Proposed Development |
|---------------------------|--------------------|-----------------------------|
| <u>Residential</u> | | |
| Lot Type 1 | 60 Ft Lots | 81 units |
| Lot Type 2 | 50 Ft Lots | 124 units |
| Total | | 205 units |

As explained under Section V-C, for purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Phase #1 Improvements to be financed with the Phase #1 Reimbursement Agreement shall be allocated to the Phases #1 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units and the Actual Costs of the Future Phase(s) share of the Major Improvements to be financed with the Phase #2 Major Improvements Reimbursement Agreement shall be allocated to the Phase #2 Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Phases #1 Assessed Property on the basis of the average home value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In determining the average home value of each Lot Type, the City Council has taken into consideration (i) the type of lots (i.e., 60 Ft, 50 Ft, etc.); (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. These classifications (from Lot Type 1 (60 Ft Lots) representing the highest value to Lot Type 2 (50 Ft Lot) representing the lowest value for residential lots are set forth in Table D-4 below. Assessments are allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

**Table D-4
Equivalent Unit Factors**

| Lot Type | Estimated Average Unit Value | Equivalent Unit Factor |
|------------------------|---|-----------------------------------|
| Lot Type 1 (60 Ft Lot) | \$337,500 | 1.00 per dwelling unit |
| Lot Type 2 (50 Ft Lot) | \$281,250 | 0.83 per dwelling unit |

The total estimated Equivalent Units for Phase #1 are shown in Table D-5 below as calculated based on the Equivalent Unit factors shown above, estimated Lot Types and number of units estimated to be built within Phase #1.

**Table D-5
Estimated Equivalent Units - Phase #1**

| Lot Type | Planned No. of units | Equivalent Unit Factor | Total Equivalent Units |
|-------------------------------|---------------------------------|-----------------------------------|---------------------------------------|
| Lot Type 1 (60 Ft Lot) | 89 | 1.00 | 89.00 |
| Lot Type 2 (50 Ft Lot) | 186 | 0.83 | 154.38 |
| Total Equivalent Units | 275 | | 243.38 |

The total estimated Equivalent Units for Future Phase(s) are shown in Table D-6 below as calculated based on the Equivalent Unit factors shown above, estimated Lot Types and number of units estimated to be built within Future Phase(s).

**Table D-6
Estimated Equivalent Units - Future Phase(s)**

| Lot Type | Planned No. of units | Equivalent Unit Factor | Total Equivalent Units |
|-------------------------------|---------------------------------|-----------------------------------|---------------------------------------|
| Lot Type 1 (60 Ft Lot) | 81 | 1.00 | 81.00 |
| Lot Type 2 (50 Ft Lot) | 124 | 0.83 | 102.92 |
| Total Equivalent Units | 205 | | 183.92 |

A) Allocation of Assessments to Lot Types in Future Phase(s)

As shown in Sections IV and V, the total Assessments allocated to Phase #2 Assessed Property is \$2,075,000. As shown in Table D-6 above, there are a total of 183.92 estimated Equivalent Units in Phase #2, resulting in an Assessment per Equivalent Unit of \$11,282.08.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$11,282.08 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$11,282.08 (i.e. \$11,282.08 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$9,364.13 (i.e. \$11,282.08 × 0.83). Table D-7 sets forth the Assessment per dwelling unit for each of the two Lot Types in Future Phase(s).

Table D-7
Assessment per Unit – Phase #2

| Type | Planned No. of Units | Assessment per Equivalent Unit | Equivalent Unit Factor | Assessment per Unit | | Total Assessments |
|--------------------|----------------------------|---|------------------------------|---------------------|-------------------|----------------------|
| <u>Residential</u> | | | | | | |
| Lot Type 1 | 81 | \$11,282.08 | 1.00 | \$11,282.08 | per dwelling unit | \$913,848 |
| Lot Type 2 | 124 | \$11,282.08 | 0.83 | \$9,364.13 | per dwelling unit | \$1,161,152 |
| Total | 205 | | | | | \$2,075,000 |

B) Allocation of Assessments to Lot Types in Phase #1

As shown in Sections IV and V of this Service and Assessment Plan, the total Assessment to be allocated on all Parcels within Phase #1, is \$7,300,000. As shown in Table D-5 above, there are a total of 243.38 estimated Equivalent Units in Phase #1, resulting in an Assessment per Equivalent Unit of \$29,994.25.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$29,994.25 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$29,994.25 (i.e. \$29,994.25 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$24,895.23 (i.e. \$29,994.25 × 0.83). Table D-8 sets forth the Assessment per dwelling unit for each of the two Lot Types in Phase #1.

Table D-8
Assessment per Unit – Phase #1

| Type | Planned No. of Units | Assessment per Equivalent Unit | Equivalent Unit Factor | Assessment per Unit | | Total Assessments |
|---------------------------|----------------------------|---|------------------------------|---------------------|-------------------|----------------------|
| <u>Residential</u> | | | | | | |
| Lot Type 1 | 89 | \$29,994.25 | 1.00 | \$29,994.25 | per dwelling unit | \$2,669,488 |
| Lot Type 2 | 186 | \$29,994.25 | 0.83 | \$24,895.23 | per dwelling unit | \$4,630,512 |
| Total | 275 | | | | | \$7,300,000 |

Appendix E
Phase #2 Major Improvements Assessment Roll

Appendix E
Phase #2 Major Improvements Assessment Roll

| | |
|-------------------------------|--------------------|
| Parcel | All Parcels |
| Assessment | \$2,075,000 |
| Total Equivalent Units | 182.26 |

| Year | Principal | Interest¹ | Administrative Expenses² | Total Annual Installment³ |
|--------------|--------------------|-----------------------------|--|---|
| 1 | \$0 | \$102,536 | \$25,000 | \$127,536 |
| 2 | \$0 | \$205,072 | \$25,500 | \$230,572 |
| 3 | \$5,000 | \$205,072 | \$26,010 | \$236,082 |
| 4 | \$5,000 | \$204,578 | \$26,530 | \$236,108 |
| 5 | \$10,000 | \$204,084 | \$27,061 | \$241,145 |
| 6 | \$10,000 | \$203,096 | \$27,602 | \$240,698 |
| 7 | \$15,000 | \$202,107 | \$28,154 | \$245,261 |
| 8 | \$20,000 | \$200,625 | \$28,717 | \$249,342 |
| 9 | \$25,000 | \$198,648 | \$29,291 | \$252,940 |
| 10 | \$25,000 | \$196,178 | \$29,877 | \$251,055 |
| 11 | \$30,000 | \$193,707 | \$30,475 | \$254,182 |
| 12 | \$35,000 | \$190,742 | \$31,084 | \$256,826 |
| 13 | \$45,000 | \$187,283 | \$31,706 | \$263,989 |
| 14 | \$50,000 | \$182,836 | \$32,340 | \$265,176 |
| 15 | \$55,000 | \$177,894 | \$32,987 | \$265,881 |
| 16 | \$65,000 | \$172,458 | \$33,647 | \$271,105 |
| 17 | \$70,000 | \$166,034 | \$34,320 | \$270,354 |
| 18 | \$75,000 | \$159,116 | \$35,006 | \$269,122 |
| 19 | \$80,000 | \$151,704 | \$35,706 | \$267,410 |
| 20 | \$90,000 | \$143,798 | \$36,420 | \$270,218 |
| 21 | \$95,000 | \$134,903 | \$37,149 | \$267,052 |
| 22 | \$100,000 | \$125,514 | \$37,892 | \$263,406 |
| 23 | \$110,000 | \$115,631 | \$38,649 | \$264,281 |
| 24 | \$120,000 | \$104,760 | \$39,422 | \$264,182 |
| 25 | \$130,000 | \$92,900 | \$40,211 | \$263,111 |
| 26 | \$140,000 | \$80,052 | \$41,015 | \$261,067 |
| 27 | \$150,000 | \$66,216 | \$41,835 | \$258,052 |
| 28 | \$160,000 | \$51,392 | \$42,672 | \$254,064 |
| 29 | \$170,000 | \$35,579 | \$43,526 | \$249,104 |
| 30 | \$190,000 | \$18,778 | \$44,396 | \$253,174 |
| Total | \$2,075,000 | \$4,473,293 | \$1,014,202 | \$7,562,495 |

1 - The interest is calculated using 9.883% per annum for years 1-5 and 6.883% per annum thereafter.

2 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs.

3- Amounts shown do not include any TIRZ Credit.

Appendix F
Phase #1 Assessment Roll

Appendix F
Phase #1 Assessment Roll

| | |
|-------------------------------|-------------|
| Parcel | All Parcels |
| Assessment | \$7,300,000 |
| Total Equivalent Units | 243.38 |

| Year | Principal¹ | Interest¹ | Administrative Expenses² | Total Annual Installment³ |
|--------------|------------------------------|-----------------------------|--|---|
| 1 | \$0 | \$721,459 | \$25,000 | \$746,459 |
| 2 | \$0 | \$721,459 | \$25,500 | \$746,959 |
| 3 | \$100,000 | \$721,459 | \$26,010 | \$847,469 |
| 4 | \$105,000 | \$711,576 | \$26,530 | \$843,106 |
| 5 | \$110,000 | \$701,199 | \$27,061 | \$838,260 |
| 6 | \$120,000 | \$480,778 | \$27,602 | \$628,380 |
| 7 | \$125,000 | \$472,518 | \$28,154 | \$625,672 |
| 8 | \$135,000 | \$463,914 | \$28,717 | \$627,631 |
| 9 | \$145,000 | \$454,622 | \$29,291 | \$628,914 |
| 10 | \$155,000 | \$444,642 | \$29,877 | \$629,519 |
| 11 | \$165,000 | \$433,973 | \$30,475 | \$629,448 |
| 12 | \$175,000 | \$422,616 | \$31,084 | \$628,701 |
| 13 | \$185,000 | \$410,571 | \$31,706 | \$627,277 |
| 14 | \$195,000 | \$397,837 | \$32,340 | \$625,178 |
| 15 | \$210,000 | \$384,416 | \$32,987 | \$627,403 |
| 16 | \$225,000 | \$369,961 | \$33,647 | \$628,608 |
| 17 | \$235,000 | \$354,475 | \$34,320 | \$623,794 |
| 18 | \$255,000 | \$338,299 | \$35,006 | \$628,305 |
| 19 | \$270,000 | \$320,748 | \$35,706 | \$626,454 |
| 20 | \$285,000 | \$302,164 | \$36,420 | \$623,584 |
| 21 | \$305,000 | \$282,547 | \$37,149 | \$624,696 |
| 22 | \$325,000 | \$261,554 | \$37,892 | \$624,446 |
| 23 | \$345,000 | \$239,184 | \$38,649 | \$622,834 |
| 24 | \$370,000 | \$215,438 | \$39,422 | \$624,860 |
| 25 | \$390,000 | \$189,971 | \$40,211 | \$620,182 |
| 26 | \$420,000 | \$163,127 | \$41,015 | \$624,142 |
| 27 | \$445,000 | \$134,219 | \$41,835 | \$621,054 |
| 28 | \$475,000 | \$103,589 | \$42,672 | \$621,261 |
| 29 | \$505,000 | \$70,895 | \$43,526 | \$619,421 |
| 30 | \$525,000 | \$36,136 | \$44,396 | \$605,532 |
| Total | \$7,300,000 | \$11,325,345 | \$1,014,202 | \$19,639,547 |

1 - The interest is calculated using 9.883% per annum for years 1-5 and 6.883% per annum thereafter.

2 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs.

3- Amounts shown do not include any TIRZ Credit.

Rudman Tract PID
Projected Annual Installment per Lot - Little Elm

Lot Type
Assessment
Equivalent Units

60 Ft
 \$29,994
 1.00

| Year | Principal¹ | Interest¹ | Administrative Expenses² | Total Annual Installment³ |
|--------------|------------------------------|-----------------------------|--|---|
| 1 | \$0 | \$2,964 | \$103 | \$3,067 |
| 2 | \$0 | \$2,964 | \$105 | \$3,069 |
| 3 | \$411 | \$2,964 | \$107 | \$3,482 |
| 4 | \$431 | \$2,924 | \$109 | \$3,464 |
| 5 | \$452 | \$2,881 | \$111 | \$3,444 |
| 6 | \$493 | \$1,975 | \$113 | \$2,582 |
| 7 | \$514 | \$1,941 | \$116 | \$2,571 |
| 8 | \$555 | \$1,906 | \$118 | \$2,579 |
| 9 | \$596 | \$1,868 | \$120 | \$2,584 |
| 10 | \$637 | \$1,827 | \$123 | \$2,587 |
| 11 | \$678 | \$1,783 | \$125 | \$2,586 |
| 12 | \$719 | \$1,736 | \$128 | \$2,583 |
| 13 | \$760 | \$1,687 | \$130 | \$2,577 |
| 14 | \$801 | \$1,635 | \$133 | \$2,569 |
| 15 | \$863 | \$1,579 | \$136 | \$2,578 |
| 16 | \$924 | \$1,520 | \$138 | \$2,583 |
| 17 | \$966 | \$1,456 | \$141 | \$2,563 |
| 18 | \$1,048 | \$1,390 | \$144 | \$2,582 |
| 19 | \$1,109 | \$1,318 | \$147 | \$2,574 |
| 20 | \$1,171 | \$1,242 | \$150 | \$2,562 |
| 21 | \$1,253 | \$1,161 | \$153 | \$2,567 |
| 22 | \$1,335 | \$1,075 | \$156 | \$2,566 |
| 23 | \$1,418 | \$983 | \$159 | \$2,559 |
| 24 | \$1,520 | \$885 | \$162 | \$2,567 |
| 25 | \$1,602 | \$781 | \$165 | \$2,548 |
| 26 | \$1,726 | \$670 | \$169 | \$2,564 |
| 27 | \$1,828 | \$551 | \$172 | \$2,552 |
| 28 | \$1,952 | \$426 | \$175 | \$2,553 |
| 29 | \$2,075 | \$291 | \$179 | \$2,545 |
| 30 | \$2,157 | \$148 | \$182 | \$2,488 |
| Total | \$29,994 | \$46,534 | \$4,167 | \$80,695 |

1 - The interest is calculated using 9.883% per annum for years 1-5 and 6.883% per annum thereafter.

2 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs.

3- Amounts shown do not include any TIRZ Credit.

Rudman Tract PID
Projected Annual Installment per Lot - Little Elm

| | |
|-------------------------|----------|
| Lot Type | 50 Ft |
| Assessment | \$24,895 |
| Equivalent Units | 0.83 |

| Year | Principal¹ | Interest¹ | Administrative Expenses² | Total Annual Installment³ |
|--------------|------------------------------|-----------------------------|--|---|
| 1 | \$0 | \$2,460 | \$85 | \$2,546 |
| 2 | \$0 | \$2,460 | \$87 | \$2,547 |
| 3 | \$341 | \$2,460 | \$89 | \$2,890 |
| 4 | \$358 | \$2,427 | \$90 | \$2,875 |
| 5 | \$375 | \$2,391 | \$92 | \$2,859 |
| 6 | \$409 | \$1,640 | \$94 | \$2,143 |
| 7 | \$426 | \$1,611 | \$96 | \$2,134 |
| 8 | \$460 | \$1,582 | \$98 | \$2,140 |
| 9 | \$494 | \$1,550 | \$100 | \$2,145 |
| 10 | \$529 | \$1,516 | \$102 | \$2,147 |
| 11 | \$563 | \$1,480 | \$104 | \$2,147 |
| 12 | \$597 | \$1,441 | \$106 | \$2,144 |
| 13 | \$631 | \$1,400 | \$108 | \$2,139 |
| 14 | \$665 | \$1,357 | \$110 | \$2,132 |
| 15 | \$716 | \$1,311 | \$112 | \$2,140 |
| 16 | \$767 | \$1,262 | \$115 | \$2,144 |
| 17 | \$801 | \$1,209 | \$117 | \$2,127 |
| 18 | \$870 | \$1,154 | \$119 | \$2,143 |
| 19 | \$921 | \$1,094 | \$122 | \$2,136 |
| 20 | \$972 | \$1,030 | \$124 | \$2,127 |
| 21 | \$1,040 | \$964 | \$127 | \$2,130 |
| 22 | \$1,108 | \$892 | \$129 | \$2,130 |
| 23 | \$1,177 | \$816 | \$132 | \$2,124 |
| 24 | \$1,262 | \$735 | \$134 | \$2,131 |
| 25 | \$1,330 | \$648 | \$137 | \$2,115 |
| 26 | \$1,432 | \$556 | \$140 | \$2,129 |
| 27 | \$1,518 | \$458 | \$143 | \$2,118 |
| 28 | \$1,620 | \$353 | \$146 | \$2,119 |
| 29 | \$1,722 | \$242 | \$148 | \$2,112 |
| 30 | \$1,790 | \$123 | \$151 | \$2,065 |
| Total | \$24,895 | \$38,623 | \$3,459 | \$66,977 |

1 - The interest is calculated using 9.883% per annum for years 1-5 and 6.883% per annum thereafter.

2 - The Administrative Expenses shown include the estimated PID administration and assessment collection costs.

3- Amounts shown do not include any TIRZ Credit.