

**TEN MILE CREEK  
PUBLIC IMPROVEMENT DISTRICT  
CITY OF CELINA, TEXAS**

**AUDITED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

**CUSIP NUMBERS:**

**Improvement Area #1**

15114CFS8  
15114CFT6  
15114CFU3

**Major Improvement Area**

15114CFV1  
15114CFW9  
15114CFX7

**TEN MILE CREEK  
PUBLIC IMPROVEMENT DISTRICT**

**ANNUAL FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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## **Independent Auditor's Report**

The Honorable Mayor and Members of the City Council  
Ten Mile Creek Public Improvement District  
Celina, Texas

### ***Opinion***

We have audited the financial statements of the Ten Mile Creek Public Improvement District (PID), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the PID's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the PID, as of September 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the PID and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PID's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PID's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PID's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Forvis Mazars, LLP***

**Dallas, Texas  
July 8, 2024**

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## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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The Management's Discussion and Analysis of the financial performance of the Ten Mile Creek Public Improvement District (the "PID") provides an overall review of the PID's financial activities for the year ended September 30, 2023. The intent of this discussion and analysis is to look at the PID's financial performance as a whole. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the PID's financial performance.

### **Highlights**

1. The PID was formed on March 15, 2022, pursuant to Resolution No. 2022-14R adopted by the City Council of the City of Celina, Texas (the "City") for the purpose of financing the costs of certain public improvements for the benefit of the property in the PID.
2. The PID issued long-term debt of \$12,010,000 in Series 2023 Special Assessment Revenues Bonds, Improvement Area #1 (the "Improvement Area #1 Bonds") on April 6, 2023, bearing term interest rates with a final maturity of September 1, 2052. The PID's debt will be paid through the collection of annual assessments on the benefitted properties allocated to the PID by the City.
3. The PID issued long-term debt of \$7,021,000 in Series 2023 Special Assessment Revenue Bonds, Major Improvement Area Project (the "MIA Bonds") on April 6, 2023, bearing term interest rates with a final maturity of September 1, 2052. The PID's debt will be paid through the collection of annual assessments on the benefitted properties allocated to the PID by the City.
4. On March 14, 2023, the City entered into a reimbursement agreement with CCD Ten Mile Creek, LLC (the "Developer") to finance a portion of the costs of the Improvement Area #1 improvements not paid with the proceeds of the Improvement Area #1 Bonds to a maximum of \$2,940,000 Reimbursement Agreement Note (the "RA Note"). In addition, the Developer deposited \$3,454,114 with the trustee at the issuance of the Bonds to fund costs of any improvements not funded with the proceeds of the Bonds and RA Note. As of September 30, 2023, \$208,681 was drawn on the developer's escrow and charged to the RA Note.
5. Net position at September 30, 2023 totaled (\$1,711,721) due mainly to the costs of issuing the Bonds, debt service on the Bonds, and the construction of authorized improvements.
6. Annual installments totaling \$460,293 were assessed for collection in fiscal year 2024. As of February 29, 2024, all annual installments have been collected by the tax collector and remitted to the PID.

## **Overview of the Financial Statements**

This annual report consists of two parts – (i) Management’s Discussion and Analysis and (ii) the basic financial statements consisting of a *Statement of Net Position*, *Statement of Revenues, Expenses, and Changes in Net Position*, *Statement of Cash Flows*, and related footnotes. The Statement of Net Position represents the financial position of the PID and provides information about the activities of the PID, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total financial position. The Statement of Cash Flows reflects how the PID finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

### **Summary Statement of Net Position:**

	<u>2023</u>
Assets:	
Current assets	\$ 16,031,818
Capital assets	<u>6,174,991</u>
Total assets	<u>22,206,809</u>
Liabilities,:	
Current liabilities	1,473,415
Long-term debt	<u>22,445,115</u>
Total Liabilities	<u>23,918,530</u>
Net Position	
Net investment in capital assets	(1,665,261)
Unrestricted	<u>(46,460)</u>
Total Net Position	<u>\$ (1,711,721)</u>

The negative net position is the result of the bond issuance costs along with the debt service costs.

### **Summary Statement of Revenues, Expenses, and Changes in Net Position:**

	<u>2023</u>
Operating Revenues	\$ -
Operating Expenses	<u>26,520</u>
Operating Income	(26,520)
Non-operating Revenues/(Expenses)	<u>(1,685,201)</u>
Change in Net Position	<u>\$ (1,711,721)</u>

The negative net position is the result of the bond issuance costs along with the debt service costs.

## Capital Assets

The PID's capital assets consisted of construction of road improvements, water and sewer improvements, and storm drainage improvements to be owned by the City upon completion. As of September 30, 2023, there were \$6,174,991 of public improvements still under construction. The developer expects improvements to be completed by 4<sup>th</sup> quarter 2024.

## Long-Term Debt

The PID issued the Improvement Area #1 and MIA Bonds (collectively, the "Series 2023 Bonds") totaling \$19,031,000 on April 6, 2023, bearing term interest rates as listed below with a final maturity of September 1, 2052. The Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption requirements as specified in the Indenture of Trust.

<u>Improvement Area #1 Bonds</u>	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2030	\$ 1,308,000	4.750%	September 1, 2030
Term 2042	\$ 4,213,000	5.500%	September 1, 2042
Term 2052	\$ 6,489,000	5.750%	September 1, 2052

  

<u>MIA Bonds</u>	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2030	\$ 719,000	5.500%	September 1, 2030
Term 2042	\$ 2,402,000	6.250%	September 1, 2042
Term 2052	\$ 3,900,000	6.500%	September 1, 2052

The proceeds from the Series 2023 Bonds are being used to finance improvements within the PID consisting primarily of road, water, sewer and storm drainage improvements, to fund a debt service reserve fund, to fund the payment of interest on the Bonds during the construction period, and to pay costs of issuing the Series 2023 Bonds.

Mandatory sinking fund payments will begin on September 1, 2025, from assessments received by the PID.

On March 14, 2023, the City entered into a reimbursement agreement with the Developer to finance a portion of the costs of the improvements not paid with the proceeds of the Bonds. The Developer agreed to contribute approximately \$6.4 million to the project, \$3,454,114 of which was a cash contribution at the issuance of the Bonds (the "Developer's Escrow Deposit"). Costs up to \$2,940,000 will be paid from the Developer's Escrow Deposit and charged against the RA Note bearing interest at 6.03% until maturity on September 1, 2052. Principal and interest on the RA Note will be paid from the pledged revenues each year in a pre-determined amount. The balance on the Developer's Escrow Deposit at September 30, 2023, was \$3,245,434, which represents approximately 14% of the PID's long-term debt balance. Any funds remaining in the Developer's Escrow Deposit upon completion of the public improvements will be returned to the Developer. As of September 30, 2023, \$208,681 was drawn on the Developer's Escrow Deposit

and charged to the RA Note, which represents approximately 1% of the PID's long-term debt balance.

### **Pledged Revenues**

Pledged revenues consist of annual assessments paid by the benefitted property owners deposited by the Collin County Tax Assessor Collector (CCTAC) with U.S. Bank National Association (the "Trustee"). There was no annual assessment as of September 30, 2023.

### **Economic Factors and Future Outlook**

Presently, the PID is not aware of any significant changes in conditions that would have a significant effect on the administrative expenses in the near future.

### **Contacting District's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the PID's finances and to reflect the PID's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the PID's administrator, MuniCap, Inc., at 600 E. John Carpenter Freeway Suite 150, Irving TX 75062.



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### **III. FINANCIAL STATEMENTS**

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**TEN MILE CREEK PUBLIC IMPROVEMENT DISTRICT  
STATEMENT OF NET POSITION  
As of September 30,**

	<u><b>2023</b></u>
Assets	
Current Assets	
Restricted cash and cash equivalents	\$ 15,963,265
Accrued interest receivable	<u>68,553</u>
Total Current Assets	<u>16,031,818</u>
Noncurrent Assets	
Capital assets	<u>6,174,991</u>
Total Noncurrent Assets	<u>6,174,991</u>
Total Assets	<u>22,206,809</u>
Liabilities	
Current Liabilities	
Accounts payable	21,020
Accrued liabilities	1,318,402
Accrued interest payable	93,993
Current portion of long-term debt	<u>40,000</u>
Total Current Liabilities	<u>1,473,415</u>
Noncurrent Liabilities	
Long-term debt	<u>22,445,115</u>
Total Noncurrent Liabilities	<u>22,445,115</u>
Total Liabilities	<u>23,918,530</u>
Net Position	
Net investment in capital assets	(1,665,261)
Unrestricted	<u>(46,460)</u>
Net Position	<u>\$ (1,711,721)</u>

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The accompanying notes to the financial statements are an integral part of this statement.

**TEN MILE CREEK PUBLIC IMPROVEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Year Ending September 30,**

	<u><b>2023</b></u>
Operating Revenues	
Total Operating Revenues	\$ <u>-</u>
Operating Expenses	
Administrative fees	<u>26,520</u>
Total Operating Expenses	<u>26,520</u>
Operating loss	<u>(26,520)</u>
Non-Operating Revenues/(Expenses)	
Interest and dividend income	429,275
Bond issuance costs	(1,573,346)
Interest expense	<u>(541,130)</u>
Total Non-Operating Revenues/(Expenses)	<u>(1,685,201)</u>
Change in Net Position	(1,711,721)
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u>\$ (1,711,721)</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TEN MILE CREEK PUBLIC IMPROVEMENT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ending September 30,**

	<u>2023</u>
Cash Flows from Operating Activities	
Cash payments for administrative fees	\$ (5,500)
Net Cash Used in Operating Activities	<u>(5,500)</u>
Cash Flows from Investing Activities	
Interest and dividends received on investments	<u>360,723</u>
Net Cash Provided by Investing Activities	<u>360,723</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from bond issuance	19,031,000
Acquisition and construction of capital assets	(4,856,589)
Developer escrow deposit	3,454,114
Interest paid on debt	(447,137)
Bond issuance costs paid	<u>(1,573,346)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>15,608,042</u>
Change in Cash Balance	15,963,265
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,963,265</u>
Adjustments to Reconcile Operating Loss to Net Cash	
Used in Operating Activities:	
Operating Loss	\$ (26,520)
Adjustments	
Increase in accounts payable	<u>21,020</u>
Net Cash Used in Operating Activities	<u>\$ (5,500)</u>
Supplemental Information	
Construction in progress in accrued liabilities	<u>\$ 1,318,402</u>

The accompanying notes to the financial statements are an integral part of this statement.

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## ***NOTES TO THE FINANCIAL STATEMENTS***

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### **NOTE 1—FINANCIAL REPORTING ENTITY**

On March 15, 2022, the City Council (the "City Council") of the City of Celina, Texas (the "City") passed and approved Resolution No. 2022-14R approving and authorizing the creation of the Ten Mile Creek Public Improvement District (the "PID") to finance the costs of certain public improvements (the "Authorized Improvements") for the benefit of property in the PID, all of which is located within the City.

The \$12,010,000 Series 2023 Special Assessment Revenue Bonds, Improvement Area #1 ("Improvement Area #1 Bonds") and the \$7,021,000 Series 2023 Special Assessment Revenue Bonds, Major Improvement Area Project (the "MIA Bonds", collectively the "Series 2023 Bonds") were issued on April 6, 2023 pursuant to Chapter 372 of the Texas Local Government Code, the "Public Improvement District Assessment Act"(as amended the "PID Act") and an ordinance adopted by the City Council on March 14, 2023 and Indentures of Trust (the "Indentures"), dated as of April 1, 2023, between the City and U.S. Bank, National Association (the "Trustee"). The Series 2023 Bonds were issued to finance a portion of the authorized improvements for an approximately 209-acre development, a portion of the interest on the Bonds during and after the period of acquisition and construction of the authorized improvements, to fund a reserve fund, to pay a portion of the costs incidental to the organization of the PID, and to pay costs of issuing the Bonds.

The City is located in north central Collin and Denton Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. The land in the PID is being developed by CCD Ten Mile Creek, LLC, a Texas limited liability company (the "Developer"). The PID consists of approximately 209 acres and is projected to consist of 490 residential units and town homes and 861 multifamily units at completion, including landscaping and the infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the proposed development plan.

The PID's management believes these financial statements present all activities for which the PID is financially accountable.

### **NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. The policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

#### **A. Basis of Presentation**

The PID's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The PID uses

enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, financial position and changes in net position, and cash flows.

## **B. Measurement Focus and Basis of Accounting**

The PID's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the PID are included within the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the PID finances and meets its cash flow needs.

Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted components, if applicable.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and measurement focus relates to the timing of the measurements made. The PID uses the accrual basis of accounting and the flow of economic resources measurement focus for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

## **C. Cash and Cash Equivalents**

Cash received by the PID is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents.

## **D. Capital Assets**

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets will be recorded at their acquisition value on the date that they will be donated. All infrastructure assets are capitalized. The PID does not depreciate capital assets as all assets will be donated to the City upon completion/acquisition.

## **E. Net Position**

Net position represents the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the PID or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The PID first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

## **F. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the PID. For the PID, these revenues are special assessments levied by the City annually. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the PID. All revenues and expenses not meeting this definition are reported as non-operating.

## **G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **H. Income Taxes**

The PID is a governmental entity and is exempt from all federal and state income taxes.

## **I. Future Accounting Standards**

GASB has issued new standards that will become effective in future fiscal years. The PID will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

## **NOTE 3—CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following as of September 30, 2023:

	<u>2023</u>
Money market funds	\$ 15,963,265
Total cash and cash equivalents	<u>\$ 15,963,265</u>

### **A. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the PID's deposits may not be returned. There is no custodial credit risk to these accounts as the entire bank balance is required to be invested in accordance with the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "Investment Act") and as authorized by the City's official investment policy.

### **B. Interest Rate Risk**

Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. As a means of limiting exposure to fair value losses arising from rising interest rates, the

Indenture requires the investment of moneys in all funds in accordance with the Investment Act and the City’s official investment policy.

**C. Credit Risk**

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Indentures specify that investment in time deposits or certificates of deposit must be secured in the manner required by law for public funds, or be invested in direct obligations of the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Investment Act, provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time. For purposes of maximizing investment returns, to the extent permitted by law, money in such funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank. Investments at September 30, 2023 were in compliance with the Indentures.

All funds held in the accounts created by the Indentures which are on deposit with any bank will be continuously secured in the manner required by the Indentures and the Investment Act.

**D. Concentration of Credit Risk**

Concentration of credit risk can arise by failing to adequately diversify investments. The Investment Act establishes limitations on portfolio composition to control concentration of credit risk.

**E. Recurring Measurements**

The PID’s investments in money market accounts are measured at the net asset value per share (or its equivalent) practical expedient. Accordingly, these investments have not been classified in the fair value hierarchy.

**NOTE 4—CAPITAL ASSETS**

The PID’s capital asset activity for the year ended September 30, 2023 was as follows:

	Balance			Balance September 30, 2023
	October 1, 2022	Additions	Donations	
<b>2023</b> Construction in progress	\$ -	\$ 4,931,049	\$ -	\$ 4,931,049
Developer improvements	-	1,243,941	-	1,243,941
Total Capital Assets	\$ -	\$ 6,174,991	\$ -	\$ 6,174,991

Construction in progress consists of roadway improvements, water distribution system improvements, sanitary sewer collection system improvements, and storm drainage collection

system improvements that will benefit the PID. The proceeds of the Series 2023 Bonds are being used to fund a portion of the costs of these public improvements. The Developer expects improvements to be completed by 4<sup>th</sup> quarter 2024.

**NOTE 5—LONG-TERM OBLIGATIONS**

The PID’s long-term debt activity for the year ending September 30, 2023, was as follows:

<b>2023</b>	Balance			Balance		Due in one year
	October 1, 2022	Increase	Decrease	September 30, 2023		
Series 2023 IA #1 Bonds	\$ -	\$ 12,010,000	\$ -	\$ 12,010,000	\$ -	
Series 2023 MIA Bonds	-	7,021,000	-	7,021,000	-	
Developer's Escrow Deposit	-	3,454,114	(208,681)	3,245,434	-	
RA Note	-	208,681	-	208,681	40,000	
<b>Total Long-term Debt</b>	<b>\$ -</b>	<b>\$ 22,693,795</b>	<b>\$ (208,681)</b>	<b>\$ 22,485,115</b>	<b>\$ 40,000</b>	

**A. Special Assessment Revenue Bonds, Series 2023**

On April 6, 2023, the City issued \$12,010,000 in Special Assessment Revenue Bonds, Series 2023 Improvement Area #1, to pay a portion of the actual costs of the Improvement Area #1 Projects, paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, funding a reserve fund for payment of principal and interest on the Bonds, paying a portion of the costs incidental to the organization and administration of the district, and paying costs of issuing the bonds. The Collin County Tax Assessor Collector (the “CCTAC”), on behalf of the PID, will impose and collect the annual assessments and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the annual assessment of penalties and interest, and tax foreclosure proceedings. In addition, when special assessments are imposed, a lien is made on the applicable parcels.

On April 6, 2023, the City issued \$7,021,000 in Special Assessment Revenue Bonds, Series 2023 MIA Bonds to pay certain public infrastructure improvements in connection with the proposed development within the PID, paying a portion of the interest on the MIA Bonds during and after the period of acquisition and construction of the projects, funding a reserve fund for payment of principal and interest on the MIA Bonds, paying a portion of the costs incidental to the organization and administration of the District, and paying costs of issuance of the MIA Bonds. The CCTAC, on behalf of the PID, will impose and collect the annual installments of assessments and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the annual assessment of penalties and interest, and tax foreclosure proceedings. In addition, when assessments are imposed, a lien is made on the applicable parcels.

The Series 2023 Bonds are limited obligations of the City payable solely from and secured by a pledge of assessments and certain funds held by the Trustee.



Interest on the Series 2023 Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year beginning on September 1, 2023. Interest on the Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest payments on the Improvement Area #1 Bonds totaled \$268,638 for the year ended September 30, 2023. Interest payments on the MIA Bonds totaled \$178,499 for the year ended September 30, 2023.

The Series 2023 bonds were issued as follows:

<u>Improvement Area #1 Bonds</u>	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2030	\$ 1,308,000	4.750%	September 1, 2030
Term 2042	\$ 4,213,000	5.500%	September 1, 2042
Term 2052	\$ 6,489,000	5.750%	September 1, 2052
<u>MIA Bonds</u>	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>
Term 2030	\$ 719,000	5.500%	September 1, 2030
Term 2042	\$ 2,402,000	6.250%	September 1, 2042
Term 2052	\$ 3,900,000	6.500%	September 1, 2052

The Series 2023 Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption. Principal payments on the Series 2023 Bonds are due each September 1 beginning September 1, 2025 according to the mandatory sinking fund redemption schedule.

### **1. Optional Redemption**

The Series 2023 Bonds maturing on or after September 1, 2042, may be redeemed at the option of the City, before their respective scheduled maturity dates, in whole or in part, on any date on or September 1, 2033, such redemption date or dates to be fixed by the City at the Redemption Price.

### **2. Extraordinary Optional Redemption**

The Series 2023 Bonds are subject to extraordinary optional redemption by the City prior to their scheduled maturity on the first day of any month after the required notice of redemption, at a redemption price equal to 100% of the principal amount of the bonds, plus accrued interest to the redemption date from amounts on deposit in the Redemption Fund as a result of assessment prepayments, (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture, any other transfers to the Redemption Fund under the terms of this indenture or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this indenture). There were no extraordinary optional redemptions made in the fiscal year ending September 30, 2023.

### 3. Mandatory Sinking Fund Redemption

The Bonds are required to be redeemed prior to maturity in part at a price of 100% of the principal amount thereof plus accrued interest to the redemption date, on each September 1, beginning on

For the period ending September 30:	<u>MIA Bonds</u>		<u>Improvement Area #1 Bonds</u>	
	Principal	Interest	Principal	Interest
2024	\$ -	\$ 443,170	\$ -	\$ 666,963
2025	106,000	443,170	194,000	666,963
2026	111,000	437,340	203,000	657,748
2027	116,000	431,235	212,000	648,105
2028	122,000	424,855	222,000	638,035
2029-2033	716,000	2,012,883	1,288,000	3,015,402
2034-2038	954,000	1,764,688	1,682,000	2,626,130
2039-2043	1,284,000	1,427,813	2,213,000	2,108,580
2044-2048	1,750,000	960,830	2,941,000	1,405,301
2049-2052	1,862,000	312,195	3,055,000	452,009
<b>Total</b>	<b>\$ 7,021,000</b>	<b>\$ 8,658,179</b>	<b>\$ 12,010,000</b>	<b>\$ 12,885,236</b>

September 1, 2025. Mandatory debt service requirements consist of the following:

For the period ending September 30:	<u>Total Series 2023 Bonds</u>	
	Principal	Interest
2024	\$ -	\$ 1,110,133
2025	300,000	1,110,133
2026	314,000	1,095,088
2027	328,000	1,079,340
2028	344,000	1,062,890
2029-2033	2,004,000	5,028,285
2034-2038	2,636,000	4,390,818
2039-2043	3,497,000	3,536,393
2044-2048	4,691,000	2,366,131
2049-2052	4,917,000	764,204
<b>Total</b>	<b>\$ 19,031,000</b>	<b>\$ 21,543,415</b>

### B. RA Note Improvement Area #1

On March 14, 2023, the City entered into a Reimbursement Agreement with the Developer to finance a portion of the costs of the Improvement Area #1 public improvements not paid with

proceeds of the Series 2023 Bonds. According to the reimbursement agreement, the Developer will contribute authorized improvements in return for a \$2,940,000 note (the “ RA Note”), which will be issued for the benefit of the Developer upon satisfactory evidence of costs spent on the authorized improvements. Interest and principal on the RA Note will be paid solely from pledged revenues as stated in the Service and Assessment Plan. The RA Note will bear interest at the rate of 6.03%. If on the later of the final maturity date of the Series 2023 Improvement Area #1 Bonds or the future improvement area #1 Bonds, after the application of the net proceeds of any future Improvement Area #1 Bonds, any portion of the unpaid balance remains unpaid. Such unpaid balance shall be cancelled and for all purposes, this reimbursement agreement shall be deemed to have been conclusively and irrevocably paid in full and such unpaid balance shall no longer be deemed to be payable. No payments of principal or interest were made on the RA Note in fiscal years 2023.

The estimated future debt service payments on the RA Note, assuming all pledged revenues are collected, are as follows:

For the period ending September 30:	Principal	Interest
2024	\$ 40,000	\$ 177,282
2025	42,000	174,870
2026	45,000	172,337
2027	47,000	169,624
2028	50,000	166,790
2029-2033	299,000	784,925
2034-2038	402,000	683,078
2039-2043	539,000	546,318
2044-2048	723,000	362,946
2049-2052	753,000	116,922
<b>Total</b>	<b>\$ 2,940,000</b>	<b>\$ 3,355,092</b>

### C. Developer Escrow Deposit

At bond issuance, the Developer deposited \$3,454,114 with the trustee to be held in escrow and used to fund costs of the improvements related to the Reimbursement Agreement. Any funds remaining at the completion of the public improvements will be returned to the Developer. As of September 30, 2023, \$208,681 was drawn on the developer’s escrow and charged to the RA Note.

### NOTE 6—ANNUAL ASSESSMENTS

Annual assessments are to be imposed and collected on all the real property within the PID (excepting those for which the special assessment lien has been prepaid) except for non-benefited property and public property. The annual revenue requirement, generally, is equal to: (i) annual debt service and administrative expenses, less (ii) other amounts available for the payment of such

debt service and expense. Annual assessments, unless prepaid, will be billed on or about October 1 of each year and shall be delinquent if not paid prior to February 1 of the following year. The assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. The City may bring foreclosure proceedings for any delinquent annual assessment.

As of September, 30, 2023 no annual assessments have been assessed.

**NOTE 7—ARBITRAGE**

When applicable, arbitrage calculations are performed on the PID’s funds to determine any arbitrage rebate or yield restriction liability. No liabilities for arbitrage rebate or yield restrictions were identified in the fiscal years ending September 30, 2023.

**NOTE 8—SUBSEQUENT EVENTS**

The annual installments billed to property owners for 2023- 2024 assessment year were as follows:

Annual Installments		<u>2024</u>
Improvement Area #1	\$	460,293
MIA		-
<b>Total</b>	<b>\$</b>	<b><u>460,293</u></b>

As of April 30, 2024, all annual installments were collected by the CCTAC and remitted to the PID.