

NEW ISSUE

NOT RATED

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED NOVEMBER 12, 2024**

**THE BONDS (AS DEFINED HEREIN) ARE INITIALLY OFFERED ONLY TO (1) “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933) OR (2) “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE “NOTICE TO INVESTORS - LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”**

*In the opinion of Bond Counsel (as defined herein), interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” herein. See “TAX MATTERS — Tax Exemption” herein for a discussion of Bond Counsel’s opinion.*

**\$11,990,000\***

**CITY OF AUSTIN, TEXAS**

**(a municipal corporation of the State of Texas located in Travis, Williamson and Hays Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024**

**(WHISPER VALLEY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)**

**Dated Date: Date of Delivery (as defined below)**

**Due: November 1, as shown on the inside cover**

**Interest to Accrue from Date of Delivery**

The City of Austin, Texas Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3) (the “Bonds”), are being issued by the City of Austin, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each May 1 and November 1, commencing May 1, 2025\*, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City (the “City Council”) on November 21, 2024, and an Indenture of Trust, dated as of December 1, 2024 (the “Indenture”), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds, along with Assessments paid to the Date of Delivery, will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements benefitting Improvement Area #3 of the Whisper Valley Public Improvement District (the “District”), (ii) funding a reserve fund for the Bonds, and (iii) paying the costs of issuance of the Bonds. See “PLAN OF FINANCE — The Bonds,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS” and “APPENDIX B — Form of Indenture.”

The Bonds Similarly Secured (as defined herein), when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments levied against certain assessable properties in Improvement Area #3 of the District in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS SIMILARLY SECURED.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its Assistant City Attorney, and by McCall, Parkhurst & Horton L.L.P., as Disclosure Counsel to the City. Additionally, certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP and for the Developer (as defined herein) by its counsel, Metcalfe Wolff Stuart & Williams LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about December 18, 2024 (the “Date of Delivery”).

\* Preliminary; subject to change.

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

CUSIP Prefix: <sup>(a)</sup>

\$11,990,000\*

CITY OF AUSTIN, TEXAS

(a municipal corporation of the State of Texas located in Travis, Williamson and Hays Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(WHISPER VALLEY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)

\$\_\_\_\_\_ % Term Bonds, Due November 1, 20\_\_\_, Priced to Yield \_\_\_\_\_%; CUSIP No.\_\_\_\_ <sup>(a) (b) (c)</sup>

\$\_\_\_\_\_ % Term Bonds, Due November 1, 20\_\_\_, Priced to Yield \_\_\_\_\_%; CUSIP No.\_\_\_\_ <sup>(a) (b) (c)</sup>

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- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor (as defined herein) or the Underwriter assume any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after November 1, 20\_\_\_, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

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\* Preliminary; subject to change.

## NOTICE TO INVESTORS – LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
4. The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
5. The Investor acknowledges that it received a copy of this Limited Offering Memorandum relating to the Bonds, which includes information relating to the City, the Improvement Area #3 Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the underwriter is not deemed an officer or employee of the City.
6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.
7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
8. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

**CITY OF AUSTIN, TEXAS**

**Elected Officials<sup>(1)</sup>**

	<u>Term Expires January,</u>
Kirk Watson .....	Mayor 2025
Natasha Harper-Madison.....	Councilmember District 1 2027
Vanessa Fuentes .....	Councilmember District 2 2025
José Velásquez .....	Councilmember District 3 2027
José “Chito” Vela .....	Councilmember District 4 2025
Ryan Alter .....	Councilmember District 5 2027
Mackenzie Kelly.....	Councilmember District 6 2025
Leslie Pool.....	Mayor Pro-Tem/Councilmember District 7 2025
Paige Ellis.....	Councilmember District 8 2027
Zohaib Qadri.....	Councilmember District 9 2027
Alison Alter .....	Councilmember District 10 2025

<sup>(1)</sup> Mayor Watson ran for re-election on November 5, 2024 and as of the date of this preliminary limited offering memorandum, no winner has been determined. Councilmember Fuentes and Councilmember Vela, were each re-elected on November 5, 2024. Krista Lane was elected as Councilmember for District 6 and Marc Duchon was elected as Councilmember for District 10 at the November 5, 2024 election. The Councilmember for District 7 and Mayor (if necessary) will be determined at a runoff election. The City Council will canvass the initial election results on November 19, 2024. It is anticipated that all new elected officials will be inaugurated on January 6, 2025.

**Appointed Officials**

T.C. Broadnax.....	City Manager
Jon Fortune .....	Deputy City Manager
Veronica Briseño .....	Assistant City Manager
Susana Carbajal .....	Assistant City Manager
Edgardo (Eddie) Garcia <sup>(1)</sup> .....	Assistant City Manager
Robert Goode.....	Assistant City Manager
Stephanie Hayden-Howard .....	Assistant City Manager
Ed Van Eenoo .....	Chief Financial Officer
Diana Thomas .....	Deputy Chief Financial Officer
Kimberly Olivares.....	Deputy Chief Financial Officer
Deborah Thomas.....	Acting City Attorney
Myrna Rios .....	City Clerk

<sup>(1)</sup> City Manager Broadnax announced the appointment of Eddie Garcia as an Assistant City Manager effective November 4, 2024. Mr. Garcia is the former police chief for the City of Dallas and will oversee the Austin Fire, Austin Police, Austin/Travis County Emergency Medical Services, Downtown Austin Community Court, Forensic Science, and Homeland Security and Emergency Management.

**City Consultants**

**BOND COUNSEL**  
 Norton Rose Fulbright US LLP  
 Austin and Dallas, Texas

**DISCLOSURE COUNSEL**  
 McCall, Parkhurst & Horton L.L.P.  
 Austin and Dallas, Texas

**FINANCIAL ADVISOR**  
 PFM Financial Advisors LLC  
 Austin, Texas

**ADMINISTRATOR**  
 P3Works, LLC  
 Austin and North Richland Hills, Texas

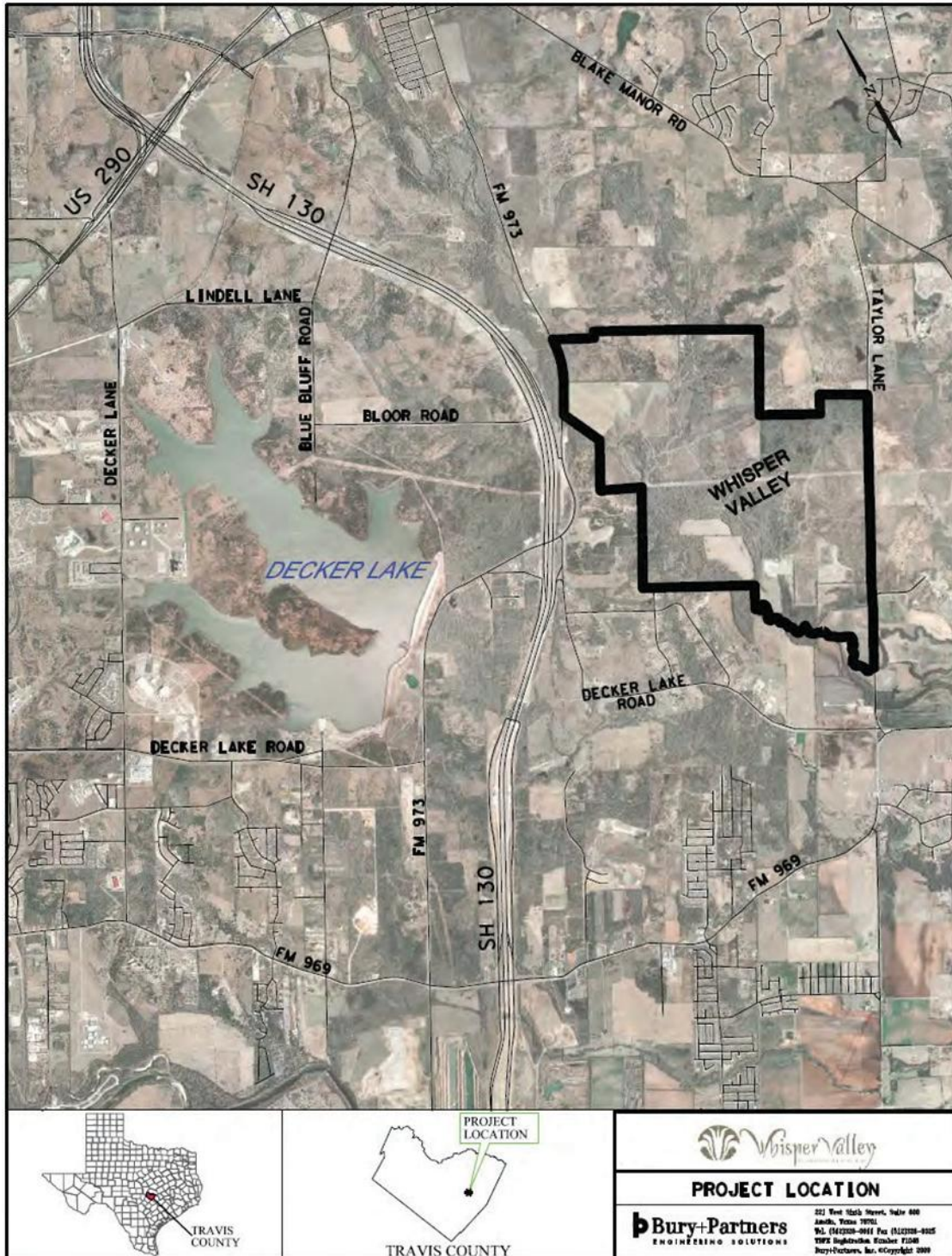
For additional information regarding the City, please contact:

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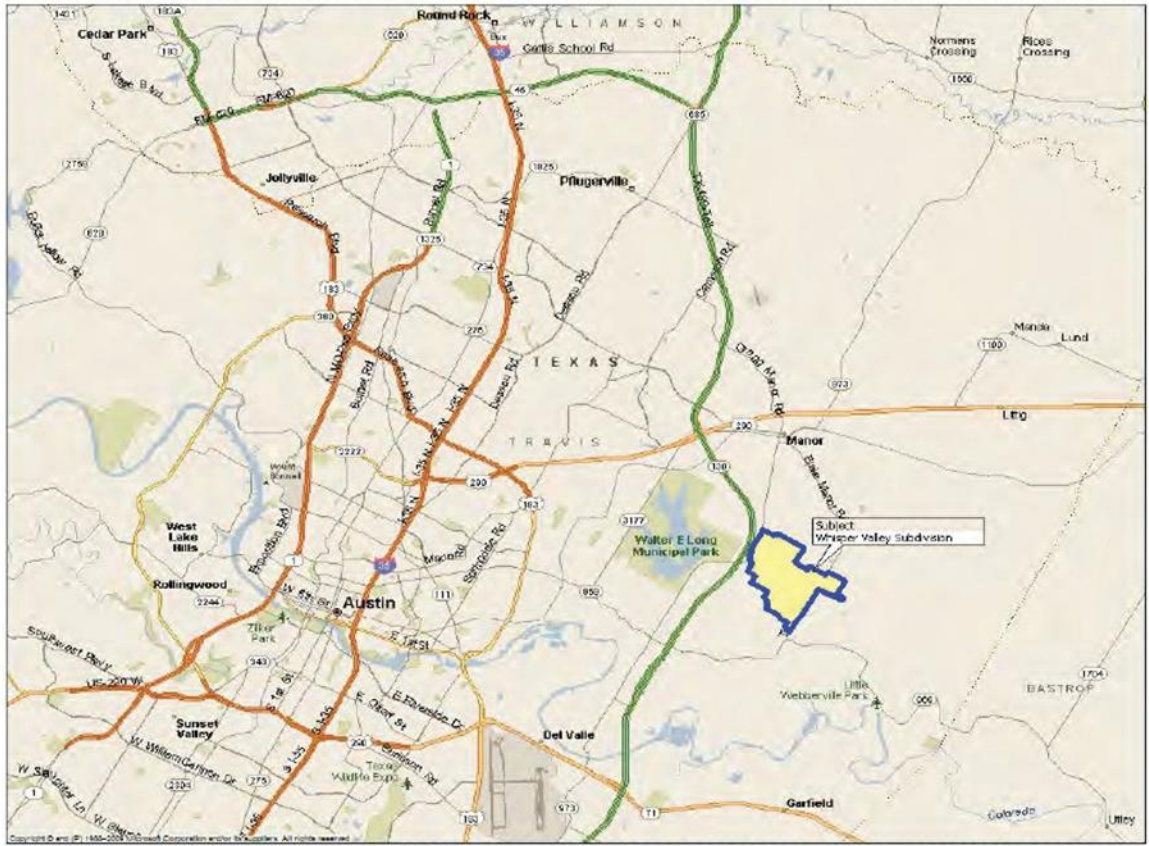
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### MAP SHOWING THE DISTRICT IN CONTEXT OF THE SURROUNDING AREA



### MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN AUSTIN AREA

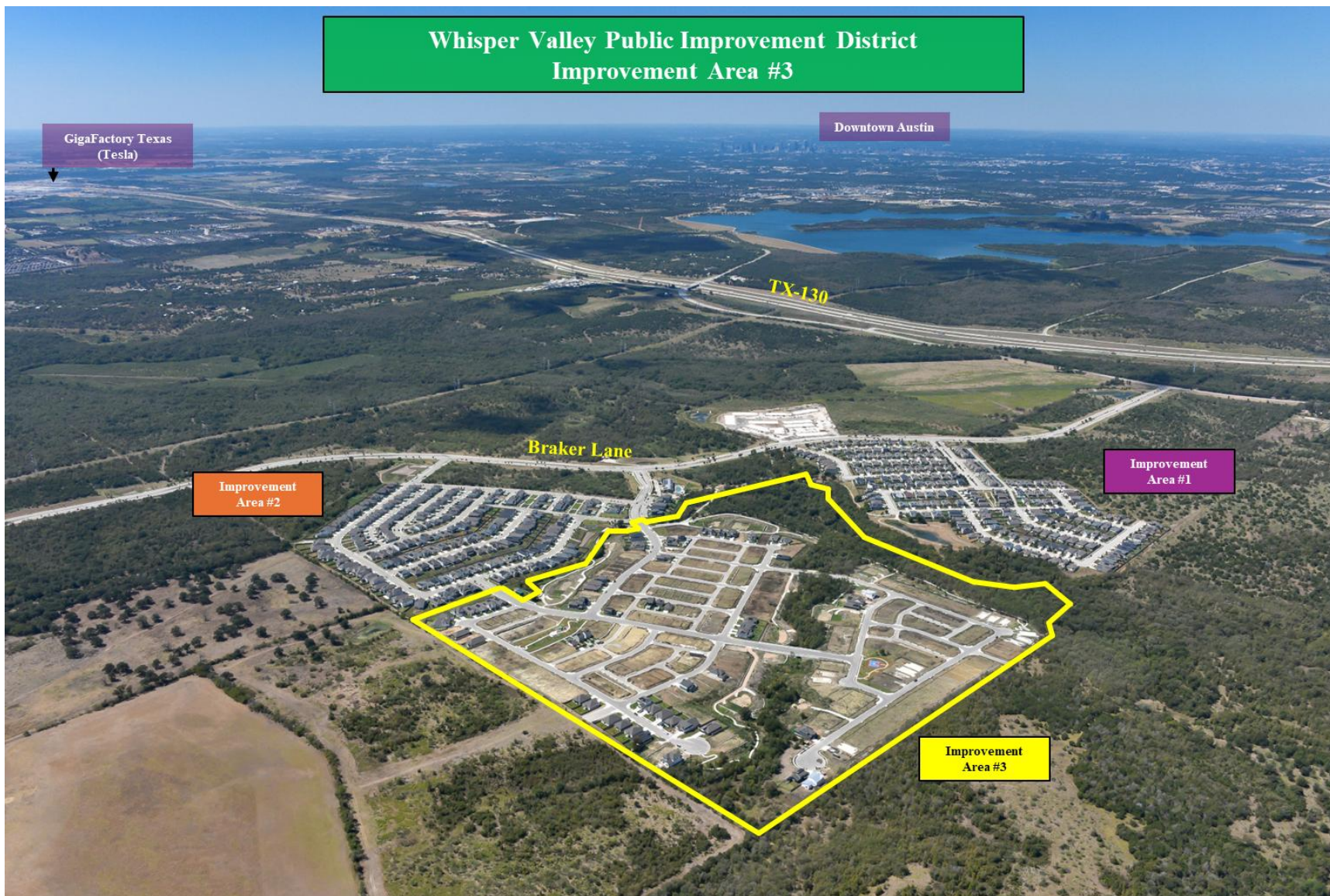


### MAP SHOWING CONCEPT PLAN OF THE DISTRICT



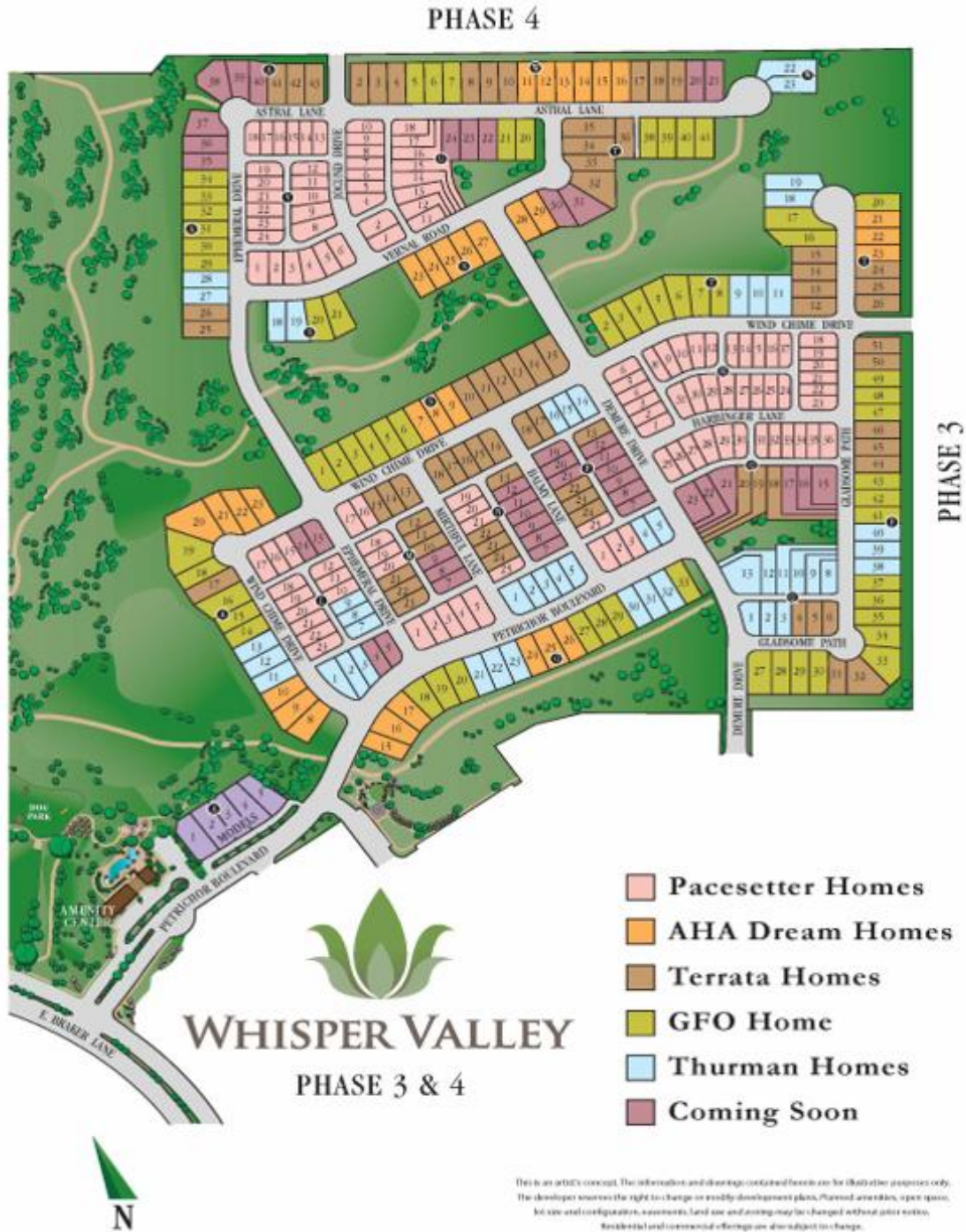


### AERIAL PHOTOGRAPH OF IMPROVEMENT AREA #3 OF THE DISTRICT



*Aerial flown September 26, 2024. Boundaries are approximate.*

### MAP SHOWING SINGLE-FAMILY RESIDENTIAL LOTS WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT



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

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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO WEBSITE ADDRESSES ARE NOT HYPERLINKS, AND INFORMATION AND REPRESENTATIONS CONTAINED ON SUCH WEBSITES ARE NOT INCLUDED IN OR INCORPORATED INTO THIS LIMITED OFFERING MEMORANDUM.

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

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## PRELIMINARY LIMITED OFFERING MEMORANDUM

**\$11,990,000\***

**CITY OF AUSTIN, TEXAS**

**(a municipal corporation of the State of Texas located in Travis, Williamson and Hays Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024**

**(WHISPER VALLEY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)**

### INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Austin, Texas (the “City”), of its \$11,990,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on November 21, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of December 1, 2024 (the “Indenture”), entered into by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds will be secured by a pledge of and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenue from special assessments (the “Assessments”) levied pursuant to a separate ordinance adopted by the City Council on August 31, 2023 (the “Assessment Ordinance”) against assessable parcels (the “Assessed Parcels”) located within Improvement Area #3 (as defined herein) of the Whisper Valley Public Improvement District (the “District”), all to the extent and upon the conditions described in the Indenture. 8 homes located within Improvement Area #3 were sold to third-parties prior to the adoption of the Assessment Ordinance. See “**BONDHOLDERS’ RISKS – Assessment Limitations**” and “**– Pre-Existing Homesteads in Improvement Area #3**” herein.

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Reimbursement Agreement (as defined herein), the Development Agreement (as defined herein), the Financing Agreement (as defined herein), the Developer (as defined herein), the Administrator (as defined herein) and the Special Assessment Consultant (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, Stifel, Nicolaus & Company, Incorporated, 501 N. Broadway, St. Louis, MO 63102, Phone: (210) 525-8048. The Form of Indenture appears in “APPENDIX B — Form of Indenture” and the

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\* Preliminary; subject to change.

Form of Service and Assessment Plan appears as “APPENDIX C — Form of Service and Assessment Plan.” The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

## PLAN OF FINANCE

### Development Plan

Club Deal 120 Whisper Valley, Limited Partnership, a Delaware limited partnership (the “Developer”), acquired approximately 2,066 acres comprising the District through two cash purchases in August and December of 2006 for a master planned, mixed use development known as Whisper Valley (the “Development”), which is zoned as a planned unit development (the “PUD”) to allow mixed use clustered density residential and approximately two million square feet of retail and commercial uses. The Developer’s current development plan is divided into two major stages, “macro-structure” development followed by “micro-structure” or “phased” development. The first phase of the macro-structure development began in November of 2011 and consisted of the initial major infrastructure to serve the entire District, including the construction of necessary water lines, a wastewater treatment plant and associated interceptor line, and the first phase of the primary arterial road Braker Lane, which included a four-lane divided median road that commences on the west at FM 973 and ends on the east end at Taylor Lane (the “Initial Master Improvement Area Improvements”). The second phase of the macro-structure, consisting of Water Line 5 and Water Line 6 and the completion of the final phase of Braker Lane east of Taylor Lane, is expected to begin in 2025 (the “Additional Master Improvement Area Improvements” and, together with the Initial Master Improvement Area Improvements, the “Master Improvement Area Improvements”).

The Developer anticipates that the phased development plan will consist of a number of phases or “Improvement Areas” that will each consist of about 150 to 400 residential lots and may include multifamily units, commercial development and/or mixed-use development. The Developer began the phased development in 2014 with the development of the first phase of the District known as “Whisper Rising” (“Improvement Area #1”) and was followed by the development of the second phase known as “Whisper Heights” (“Improvement Area #2”) beginning in February of 2019 and the development of the third and fourth phases of the District, known as Highview and Glenmore, respectively (collectively, “Improvement Area #3”), which began in July of 2021. The Developer anticipates that the development of the Improvement Areas to be constructed after Improvement Area #3 (collectively, the “Future Improvement Area”) will continue through 2031. The concept plan for the District and a map showing Improvement Area #3 are shown in the “MAP SHOWING CONCEPT PLAN OF THE DISTRICT” and “MAP SHOWING SINGLE-FAMILY RESIDENTIAL LOTS WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT” on pages vii and ix, respectively.

Upon completion, estimated to occur in 2031, the Development is expected to consist of approximately 5,018 attached and detached single-family residential units, 3,232 rental apartments, 68 acres of commercial development, and 55 acres of mixed-use development. The Development includes or is planned to include approximately 700 acres for park and open space uses such as bike trails, dog parks, community gathering spaces and resort style amenity centers. The Developer also anticipates that the Development will include multiple school sites and other various yet-to-be determined civic uses, including fire stations and libraries. “THE DEVELOPMENT.”

### Status of Development

Master Improvement Area Improvements. The Developer began construction of the Initial Master Improvement Area Improvements in November of 2011 and completed the construction of all of the Initial Master Improvement Area Improvements in early 2018. The Developer expects to begin construction of the Additional Master Improvement Area Improvements in 2025 and complete such construction in 2027. The Developer will continue extending water and sewer lines to serve the Future Improvement Area as construction continues. “THE DEVELOPMENT — Development Plan – Macro-structure.”

Improvement Area #1. In May of 2016, the Developer completed construction of the local infrastructure benefitting Improvement Area #1 (the “Improvement Area #1 Improvements”). Improvement Area #1 includes completed 237 single-family residential units and no multifamily housing or retail and commercial sites. Improvement

Area #1 also includes the Discovery Center (as defined herein) and approximately 26 acres of open space and parkland. “THE DEVELOPMENT — Development in Improvement Area #1.”

Improvement Area #2. In July of 2020, construction of the local infrastructure benefitting Improvement Area #2 (as further described herein, the “Improvement Area #2 Improvements”) was completed by the WVV1P2, LP, a Delaware limited partnership and affiliate of the Developer (the “IA #2 Developer Affiliate”), on behalf of the Developer. Improvement Area #2 includes 267 single-family residential units and no multifamily housing or retail and commercial sites. Improvement Area #2 also includes approximately 8.7 acres of community gardens and trails, and private open space. As of October 1, 2024, 253 homes have been constructed in Improvement Area #2 by homebuilders. “THE DEVELOPMENT — Development in Improvement Area #2.”

Improvement Area #3. In October of 2022, WVv1p3, LP, a Delaware limited partnership, and WVv1p4, LP, a Delaware limited partnership (collectively, the “IA #3 Developer Affiliate”) completed construction of the local infrastructure benefitting Improvement Area #3 (the “Improvement Area #3 Improvements”). Improvement Area #3 includes 363 single-family residential units (the “Assessed Property”) and no multifamily housing, retail, or commercial sites. Improvement Area #3 also includes approximately 48 acres of community trails, passive amenities, and private open space. As of October 1, 2024, 56 homes have been constructed in Improvement Area #3 by homebuilders. “THE DEVELOPMENT — Development in Improvement Area #3.” 8 out of the 363 lots that comprise the Assessed Property were sold to third-parties prior to the adoption of the Assessment Ordinance. See “**BONDHOLDERS’ RISKS – Assessment Limitations**” and “**– Pre-Existing Homesteads in Improvement Area #3**” herein.

Improvement Area #4. The Developer currently expects to begin construction of the local infrastructure benefitting Improvement Area #4 (the “Improvement Area #4 Improvements”) in the third quarter of 2025. Improvement Area #4 is currently expected to include approximately 219 single-family residential units and no multifamily housing or retail and commercial sites. Improvement Area #4 is expected to include approximately 9 acres of community trails, passive amenities, and private open space. “THE DEVELOPMENT — Development in Improvement Area #4.”

### **Homebuilders and Status of Home Construction**

Improvement Area #1. The Developer previously conveyed all 237 single-family lots within Improvement Area #1 to the following merchant homebuilders: Homes by Avi (Texas) L.P. (“Avi”), Pacesetter Homes, LLC (“Pacesetter”), Aha Dream Homes, LLC (“Aha Dream”), GFO Home (“GFO”), Nexstep Homes LLC (“Nexstep”) and Buffington Texas Classic Homes, LLC (“Buffington” and together with Avi, Pacesetter, Aha Dream, GFO and Nexstep, the “IA #1 Homebuilders”). As of August 1, 2024, the IA #1 Homebuilders have closed on all of the 237 homes within Improvement Area #1 to third-party homeowners. See “THE DEVELOPMENT — Development in Improvement Area #1.”

Improvement Area #2. The IA #2 Developer Affiliate has executed lot purchase and sale agreements for all 267 single-family lots within Improvement Area #2 with merchant homebuilders, Pacesetter, Aha Dream, GFO, Buffington, Castlerock Communities LLC (“Castlerock”) and Nexstep (collectively, the “IA #2 Homebuilders”) and has conveyed all 267 single-family lots within Improvement Area #2 to the IA #2 Homebuilders. As of August 1, 2024, the IA #2 Homebuilders have closed on 241 homes within Improvement Area #2 to third-party homeowners. See “THE DEVELOPMENT — Development in Improvement Area #2.”

Improvement Area #3. The IA #3 Developer Affiliate has executed lot purchase and sale agreements for all 363 single-family lots within Improvement Area #3 (the “Improvement Area #3 Lot Purchase Agreements”) with the following merchant homebuilders: LGI Homes-Texas, LLC, a Texas limited liability company (as successor-in-interest to Buffington) (“LGI”), Pacesetter, GFO, Aha Dream, Richmond American, Nexstep, and Instabuilt Holdings Corp., a Delaware corporation (“Instabuilt”) (collectively, the “IA #3 Homebuilders”). As of October 1, 2024, Pacesetter has closed 48 of their 112 contracted lots, has finished construction of 2 homes and has sold 2 homes to third-party homeowners; Aha Dream has closed 9 of their 32 contracted lots, has finished construction of 3 homes and has sold 3 homes to third-party homeowners; GFO has closed 47 of their 60 contracted lots, has finished construction of 17 homes and has sold 17 homes to third-party homeowners; LGI has closed 54 of their 70 contracted lots, has finished construction on 5 homes and has sold 3 homes to third-party homeowners; Nexstep has closed 13 of their 48

contracted lots, has finished construction on 6 homes and has sold 6 homes to third-party homeowners; Instabuilt has closed 2 of their 28 contracted lots, has finished construction on 0 homes and has sold 0 homes to third-party homeowners; Richmond American has closed all of their 13 contracted lots, has finished construction on 0 homes and has sold 0 homes to third-party homeowners.

*Improvement Area #4.* Improvement Area #4 is expected to include 219 single-family residential units and no multifamily housing, retail or commercial sites. Improvement Area #4 is expected to include approximately 9 acres of community trails, passive amenities and private open space. The Developer completed construction of the Master Improvement Area Improvements necessary to serve Improvement Area #4. The Developer expects to commence construction of the Improvement Area #4 Improvements in the third quarter of 2025. Upon completion of the Improvement Area #4 Improvements, the homebuilders within Improvement Area #4 will begin to take down lots.

### **Prior Bond Financings**

*Master Improvement Area Improvements.* To finance a portion of the costs of the Initial Master Improvement Area Improvements, the City previously issued its \$15,500,000 City of Austin, Texas Special Assessment Revenue Bonds, Senior Series 2011 (Whisper Valley Public Improvement District) (the “Senior Master Improvement Bonds”). The Senior Master Improvement Bonds are secured by assessments that were levied on assessable property in the entire District (“Master Improvement Area Assessments”). In March 2019, provisions were made for the payment of the outstanding Master Improvement Area Assessments allocable to Improvement Area #1. Such provisions included (i) a prepayment of Master Improvement Area Assessments allocable to Improvement Area #1 and (ii) transfers of funds from the prepayment reserve account and the reserve account of the reserve fund established under the indenture applicable to the Senior Master Improvement Bonds. As a result of such prepayment, the land within Improvement Area #1 is no longer subject to the Master Improvement Area Assessments. In August 2020, provisions were made for the payment of the outstanding Master Improvement Area Assessments allocable to Improvement Area #2. Such provisions included (i) a prepayment of Master Improvement Area Assessments allocable to Improvement Area #2 and (ii) transfers of funds from the prepayment reserve account and the reserve account of the reserve fund established under the indenture applicable to the Senior Master Improvement Bonds. As a result of such prepayment, the land within Improvement Area #2 is no longer subject to the Master Improvement Area Assessments. In June 2023, provisions were made for the payment of the outstanding Master Improvement Area Assessments allocable to Improvement Area #3. Such provisions included (i) a prepayment of Master Improvement Area Assessments allocable to Improvement Area #3 and (ii) transfers of funds from the prepayment reserve account and the reserve account of the reserve fund established under the indenture applicable to the Senior Master Improvement Bonds. As a result of such prepayment, the land within Improvement Area #3 is no longer subject to the Master Improvement Area Assessments. **The Master Improvement Area Assessments are not security for the Bonds.**

Concurrent with the City’s issuance of the Senior Master Improvement Bonds, and to finance a portion of the costs of the Initial Master Improvement Area Improvements, the City issued its \$18,485,168.10 City of Austin, Texas Special Assessment Revenue Bonds, Subordinate Series 2011 (Whisper Valley Public Improvement District) (the “Subordinate Master Improvement Bonds”). The Subordinate Master Improvement Bonds were secured by contract payments due to the Developer from the City pursuant to the Master Improvement Area Reimbursement Agreements (as defined herein) and the Master Improvement Area Assessments, subject to prior payment from such Master Improvement Area Assessments of debt service and other costs related to and the funding of required reserves established to secure the Senior Master Improvement Bonds. The Subordinate Master Improvement Bonds are no longer outstanding.

*Improvement Area #1 Improvements.* To finance a portion of the costs of the Improvement Area #1 Improvements the City levied assessments on assessable property in Improvement Area #1 (the “Improvement Area #1 Assessments”). The City previously issued its \$4,500,000 City of Austin, Texas Special Assessment Revenue Bonds, Series 2019 (Whisper Valley Public Improvement District Improvement Area #1) (the “Improvement Area #1 Bonds”) to finance a portion of the costs of the Improvement Area #1 Improvements allocable to the Improvement Area #1 Bond Assessed Parcels (as defined below). The Improvement Area #1 Bonds are secured by the portion of the Improvement Area #1 Assessments levied on the Improvement Area #1 Bond Assessed Parcels (the “Improvement Area #1 Bond Assessments”).

As of August 23, 2018, the date the Improvement Area #1 Assessments were levied, 42 parcels within Improvement Area #1 were sold to third-party homeowners. These homeowners may have the ability to claim homestead rights under State law, which, if claimed, prohibits those properties from being foreclosed for purposes of collecting the Improvement Area #1 Assessments allocable to such properties (the “Improvement Area #1 Reimbursement Assessments”). As such, those 42 parcels (the “Improvement Area #1 Previously Sold Assessed Parcels”), were carved out and the revenues from the Improvement Area #1 Reimbursement Assessments do not constitute security for the Improvement Area #1 Bonds. The term “Improvement Area #1 Bond Assessed Parcels” is used herein to describe the assessed property within Improvement Area #1, other than the Improvement Area #1 Previously Sold Assessed Parcels, which consists of 195 lots within Improvement Area #1. To finance a portion of the costs of the Improvement Area #1 Improvements allocable to the Improvement Area #1 Previously Sold Assessed Parcels, the City and the Developer entered into the Whisper Valley Public Improvement District Improvement Area #1 Reimbursement Agreement on April 16, 2019, which provides, in part, for the deposit of revenues from the Improvement Area #1 Reimbursement Assessments and the reimbursement of a portion of the costs of the Improvement Area #1 Improvements allocable to the Improvement Area #1 Previously Sold Assessed Parcels in the amount of \$870,820.33 from the Improvement Area #1 Reimbursement Assessments.

**The Improvement Area #1 Assessments, including the Improvement Area #1 Bond Assessments and the Improvement Area #1 Reimbursement Assessments, are not security for the Bonds.**

*Improvement Area #2 Improvements.* To finance a portion of the costs of the Improvement Area #2 Improvements the City levied assessments on assessable property in Improvement Area #2 (the “Improvement Area #2 Assessments”). The City previously issued its \$6,820,000 City of Austin, Texas Special Assessment Revenue Bonds, Series 2022 (Whisper Valley Public Improvement District Improvement Area #2) (the “Improvement Area #2 Bonds”) to finance a portion of the costs of the Improvement Area #2 Improvements. The Improvement Area #2 Bonds are secured by the Improvement Area #2 Assessments.

**The Improvement Area #2 Assessments are not security for the Bonds.**

## **The Bonds**

Proceeds of the Bonds, along with Assessments paid to the Date of Delivery, will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements, (ii) funding a reserve fund for the Bonds, and (iii) paying the costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” “APPENDIX B — Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments levied against the Assessed Parcels within Improvement Area #3 of the District, and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. As defined in the Indenture and used herein:

“Annual Collection Costs” mean the following actual or budgeted costs, as applicable, related to: (i) the Administrator; (ii) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (iii) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (iv) preparing and maintaining records with respect to the Assessment Roll and annual updates to the Service and Assessment Plan; (v) issuing, paying, and redeeming Bonds Similarly Secured; (vi) investing or depositing Assessments and Annual Installments; (vii) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of Bonds Similarly Secured, including continuing disclosure requirements; (viii) the paying agent/registrars and Trustee in connection with Bonds Similarly Secured, including their respective legal counsel; and (ix) administering the construction of the Improvement Area #3 Improvements. Annual Collection Costs collected and not expended for actual Annual Collection Costs shall be carried forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

“Annual Installments” means, with respect to each Assessed Parcel, each annual payment of: (i) the Assessment as shown on the Assessment Roll (as defined herein) attached to the Service and Assessment Plan and related to the Bonds and the Improvement Area #3 Improvements; (ii) Annual Collection Costs (as defined herein); and (iii) the Additional Interest.

“Assessment Revenue” means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency; (ii) Prepayments; and (iii) Foreclosure Proceeds.

“Bonds Similarly Secured” means all bonds or any bond authorized by a bond ordinance and issued in accordance with the Indenture, including the Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs (both as defined herein), (ii) the money held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured.

“Refunding Bonds” means bonds issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State of Texas (each as amended) to refund all or any portion of the then Outstanding Bonds Similarly Secured. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

**The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

### **The Reimbursement Agreement**

The City and the Developer entered into the Whisper Valley Public Improvement District Acquisition and Reimbursement Agreement Improvement Area #3 (the “Reimbursement Agreement”) effective as July 20, 2023, which provides, in part, for the deposit of revenues from the Assessments and the reimbursement of a portion of the costs of the Improvement Area #3 Improvements heretofore constructed by the Developer with proceeds of the Assessments, prior to the issuance of the Bonds, or with proceeds of the Bonds. If any portion of the balance of the Reimbursement Agreement remains unpaid after the City issues the Bonds, such amount shall be discharged and shall no longer be due and owing. See “THE IMPROVEMENT AREA #3 IMPROVEMENTS” and “THE DEVELOPMENT — The Reimbursement Agreement.”

### **Phased PID Bonds**

It is anticipated that the City will, but is under no obligation to, issue one or more series of phased bonds (collectively, the “Phased PID Bonds” and, together with the Bonds, the Senior Master Improvement Bonds, the Improvement Area #1 Bonds and the Improvement Area #2 Bonds, the “PID Bonds”) to finance the cost of the Improvement Area #4 Improvements and future internal improvements within the Future Improvement Area of the District (the “Future Improvements”) as the development proceeds. The estimated costs of the Future Improvements benefiting each Future Improvement Area of the District will be determined as such Future Improvement Area of the District is developed. The Service and Assessment Plan will be updated to identify the Improvement Area #4 Improvements and the Future Improvements to be constructed within such Future Improvement Area of the District to be financed by each new series of Phased PID Bonds. Such Phased PID Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within Improvement Area #4 or each Future Improvement Area of the District, as applicable. The Developer anticipates that Phased PID Bonds will be issued over a period of approximately 10 years, which commenced with the City’s issuance of the Improvement Area #1 Bonds.

**The Bonds, the Senior Master Improvement Bonds, the Improvement Area #1 Bonds, the Improvement Area #2 Bonds and any Phased PID Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. Any Phased PID Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.**

## DESCRIPTION OF THE BONDS

### General Description

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements, (ii) funding a reserve fund for the Bonds, and (iii) paying the costs of issuance of the Bonds. See “PLAN OF FINANCE — The Bonds” and “APPENDIX B — Form of Indenture.”

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery (the “Date of Delivery”) to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months payable on each May 1 and November 1 commencing May 1, 2025\* (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (or such smaller amount as authorized under the Indenture as a result of partial redemption) (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

### Redemption Provisions

*Optional Redemption.* The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date on or after November 1, 20\_\_, such redemption date or dates to be fixed by the City, at a price of par, plus accrued interest to the date of redemption.

*Extraordinary Optional Redemption.* The Bonds Similarly Secured are subject to extraordinary optional redemption prior to their respective scheduled maturity dates, in whole or in part, on any date, at 100% of the principal amount of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture, any other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture). See “APPENDIX B — Form of Indenture.”

*Mandatory Sinking Fund Redemption.* The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at a price of par plus accrued and unpaid interest to the date of redemption from money available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective principal amounts as set forth in the following schedule:

<u>\$                      Term Bonds due November 1, 20</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 20	\$
November 1, 20	
November 1, 20	
November 1, 20	
November 1, 20	
November 1, 20†	

† Stated maturity.

At least 45 days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select a principal amount of Bonds (in accordance with the Indenture) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such sinking fund redemption date, and will give notice of such redemption, as provided in the Indenture.

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\* Preliminary; subject to change.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date pursuant to mandatory sinking fund redemption shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. Notice of any redemption shall be given by the Trustee at least 30 days prior to the redemption date by giving written notice to the Owner of each Bond Similarly Secured to be redeemed in whole or in part at the address shown on the Register by first-class mail, postage prepaid. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds Similarly Secured or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the principal amount plus accrued unpaid interest on such Bonds Similarly Secured to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

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

The City has the right to rescind any optional redemption or extraordinary optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

Partial Redemption. If less than all of the Bonds Similarly Secured are to be redeemed, the Bonds Similarly Secured shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond Similarly Secured shall be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Bond Similarly Secured by \$1,000. A portion of a single Bond Similarly Secured of an Authorized Denomination may be redeemed, but only in a principal amount equal to \$1,000 or any integral thereof. The Trustee shall treat each \$1,000 portion of such Bond Similarly Secured as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond Similarly Secured in a denomination of less than an Authorized Denomination in effect at that time; provided, however, if the amount of Outstanding Bonds Similarly Secured is less than an Authorized Denomination after giving effect to such partial redemption, a Bond Similarly Secured in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

In selecting the Bonds to be redeemed pursuant to the mandatory sinking fund redemption provisions, the Trustee may select Bonds in any method that results in a random selection.

In selecting the Bonds to be redeemed pursuant to the optional redemption provisions, the Trustee may rely on the directions provided in a City Certificate.



If less than all of a Series of Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured.

Upon surrender of any Bond Similarly Secured for redemption in part, the Trustee, in accordance with the provisions of the Indenture, shall authenticate and deliver and exchange the Bond Similarly Secured or Bonds Similarly Secured in an aggregate principal amount equal to the unredeemed portion of the Bond Similarly Secured so surrendered, such exchange being without charge.

### **BOOK-ENTRY ONLY SYSTEM**

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

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect

Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

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

### **SECURITY FOR THE BONDS SIMILARLY SECURED**

The following is a summary of certain provisions contained in the Indenture. Reference is made to the Indenture for a full statement of the terms and provisions of the Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B — Form of Indenture."

#### **General**

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

The principal of, premium, if any, and interest on the Bonds Similarly Secured are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments levied against the Assessed Parcels within Improvement Area #3 of the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, on November 21, 2024, the City Council expects to approve and adopt the 2024 Amended and Restated Service and Assessment Plan (as may be updated and amended from time to time, the "Service and Assessment Plan"), which amends and restates the 2023 Service and Assessment Plan (as defined herein) in its entirety, describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated at least annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined herein) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Service and Assessment Plan."

## **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance a portion of the Improvement Area #3 Improvements by levying Assessments upon the Assessed Parcels benefitted thereby. For a description of the assessment methodology and the amounts of Assessments levied in Improvement Area #3 of the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

The City covenants in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund” and “APPENDIX C — Form of Service and Assessment Plan.”

## **Assessments Payable in Annual Installments**

The Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Service and Assessment Plan and the Indenture. See “— Pledged Revenue Fund” and “APPENDIX C — Form of Service and Assessment Plan.”

The Assessments assessed to pay debt service on the Bonds together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to first pay debt service requirements attributable to the Bonds in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

The portions of the Annual Installments of Assessments collected to pay Annual Collection Costs will be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

## **Unconditional Levy of Assessments**

The City has levied Assessments on the Assessed Parcels within Improvement Area #3 of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments are effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest Rate calculated on the basis of a 360-day year of twelve 30-day months. Pursuant to the Indenture, “Additional Interest” means the amount collected by application of the Additional Interest Rate, and “Additional Interest Rate” means the 0.50% additional interest rate charged on the Assessments pursuant to Section 372.018 of the PID Act. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, will be calculated annually during the Annual Service Plan Update and will be due on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the annual costs incurred by the City in the administration and operation of the District (the “Annual Collection Costs”). The portion of each Annual Installment of an Assessment used to pay Annual Collection Costs will remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The amount collected to pay Annual Collection Costs will be due in the manner set forth in the Assessment Ordinance on October 1 of each year and will be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There will be no discount for the early payment of an Assessment.

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

**AN ASSESSMENT LIEN MAY NOT BE FORECLOSED UPON IF ANY HOMESTEAD RIGHTS OF A PROPERTY OWNER WERE PROPERLY CLAIMED PRIOR TO THE ADOPTION OF THE ASSESSMENT ORDINANCE ("PRE-EXISTING HOMESTEAD RIGHTS") FOR AS LONG AS SUCH RIGHTS ARE MAINTAINED ON THE PROPERTY. SEE "BONDHOLDERS' RISKS — Assessment Limitations" and "— Pre-Existing Homesteads in Improvement Area #3." NOTWITHSTANDING THE POTENTIAL INABILITY OF THE CITY TO FORECLOSE, A MORTGAGEE ON SUCH PROPERTY MAY FORECLOSE FOR NON-PAYMENT OF A MORTGAGE, SUBJECT TO THE ASSESSMENT LIEN. SEE "ASSESSMENT PROCEDURES — Foreclosure Proceedings and Potential Barriers to Foreclosure on Non-Foreclosure Lots" HEREIN. MOREOVER, ASSESSMENTS ARE A PERSONAL LIABILITY OF AND CHARGE AGAINST THE OWNERS OF THE ASSESSED PROPERTY.**

**ACCORDING TO THE DEVELOPER, APPROXIMATELY 8 OF THE 363 LOTS THAT COMPRISE THE ASSESSED PROPERTY WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT WERE SOLD TO THIRD-PARTIES PRIOR TO THE DATE OF THE ASSESSMENT ORDINANCE, AND THEREFORE, COULD POTENTIALLY HAVE PRE-EXISTING HOMESTEAD RIGHTS. BASED ON A REVIEW OF THE TRAVIS CENTRAL APPRAISAL DISTRICT'S RECORDS, THE CITY ESTIMATES, BUT CANNOT GUARANTEE, THAT THERE ARE PRE-EXISTING HOMESTEAD RIGHTS ASSOCIATED WITH APPROXIMATELY 8 OF THE 363 LOTS THAT COMPRISE THE ASSESSED PROPERTY WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT (COLLECTIVELY, THE "NON-FORECLOSURE LOTS").**

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

### **Perfected Security Interest**

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

### **Pledged Revenue Fund**

The City will create under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or about April 20 of each year while the Bonds Similarly Secured are Outstanding and beginning with the year when Assessments are being collected, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited

Pledged Revenues as follows: (i) *first*, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) *second* to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) *third*, to the Prepayment and Delinquency Reserve Account in an amount equal to the Additional Interest, in accordance with the Indenture, (iv) *fourth*, to the Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #3 Improvements or to the Redemption Fund to be used to redeem Bonds, as directed by the City in a City Certificate filed with the Trustee, and (v) *fifth*, to pay other costs permitted by the PID Act.

From time to time as needed to pay the obligations relating to the Bonds Similarly Secured, but no later than five business days before each Interest Payment Date, the Trustee will withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account of the Bond Fund equals the principal (including any Sinking Fund Installments) and interest due on the Bonds Similarly Secured on the next Interest Payment Date.

If, after the foregoing transfers and any transfer from the Reserve Fund as provided in the Indenture (as described under the subcaptions “Reserve Account of the Reserve Fund” and “Prepayment and Delinquency Reserve Account of the Reserve Fund” below) there are insufficient funds to make the payments provided in the preceding paragraph, the Trustee will apply the available funds in the Principal and Interest Account of the Bond Fund first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured.

Notwithstanding the foregoing, the Trustee shall transfer Prepayments to the Redemption Fund as soon as practicable after deposit of such amounts into the Pledged Revenue Fund.

Notwithstanding the foregoing, the Trustee shall transfer Foreclosure Proceeds, *first*, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, *second*, to the Prepayment and Delinquency Reserve Account to restore any transfers from the Prepayment and Delinquency Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and *third*, to the Redemption Fund.

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee, at the written direction of the City, may apply Assessments for any lawful purpose for which Assessments may be used under the PID Act.

Any Pledged Revenues remaining after satisfying the foregoing payments may be used, at the direction of the City, for any lawful purpose for which Assessments may be used under the PID Act.

### **Bond Fund**

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account of the Bond Fund and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds Similarly Secured.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the preceding paragraph, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be withdrawn in accordance with the Indenture and shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

### **Project Fund**

Pursuant to the Indenture, a Project Fund will be created to be used to pay costs of issuance of the Bonds and the Actual Costs of the Improvement Area #3 Improvements. See “PLAN OF FINANCE — The Bonds.” Notwithstanding any other provisions, money on deposit in the Improvement Account shall only be used to pay the Actual Costs of the Improvement Area #3 Improvements.

Disbursements from the Costs of Issuance Account of the Project Fund will be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more City Certificates. Disbursements from the Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #3 Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement; provided that the Trustee may rely solely and conclusively on a Certification for Payment in making a disbursement from the Improvement Account of the Project Fund.

If the City Representative reasonably determines in his or her sole discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Account of the Project Fund due to the abandonment, or constructive abandonment, of the Improvement Area #3 Improvements, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account of the Project Fund will ever be expended for the purposes of the Improvement Account of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account of the Project Fund that are not expected to be used for purposes of the Improvement Account of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

Upon the filing of a City Certificate stating that all Improvement Area #3 Improvements have been completed and that all Actual Costs of the Improvement Area #3 Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) will transfer the amount, if any, remaining within the Improvement Account of the Project Fund to the Bond Fund and (ii) the Improvement Account of the Project Fund shall be closed.

Not later than six months following the Date of Delivery, upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #3 Improvements or, if the Improvement Account of the Project Fund is closed, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

### **Reserve Account of the Reserve Fund**

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, or (iii) 10% of the principal amount of the Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to the Indenture; and provided further that as a result of an optional redemption pursuant to the Indenture, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Date of Delivery, the Reserve Account Requirement is \$\_\_\_\_\_,\* which is an amount equal to [125% of average Annual Debt Service on the Bonds as of the date of issuance].

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee will transfer *first* from the Prepayment and Delinquency Reserve Account of the Reserve Fund (described below) and *second* from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to the Indenture, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds

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\* To be updated and completed upon pricing.

Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to a percentage of the amount of the Bonds Similarly Secured redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund, as a percentage of the Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund, as a percentage of the Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest on such Bonds Similarly Secured to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment and as a result of the transfer from the Reserve Account described in this paragraph, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Prepayment and Delinquency Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with the Indenture.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless within 30 days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, or (iii) to the Improvement Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

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

If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal of all Outstanding Bonds Similarly Secured on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Bonds Similarly Secured as of such Interest Payment Date, the money shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

### **Prepayment and Delinquency Reserve Account of the Reserve Fund**

Pursuant to the Indenture, a Prepayment and Delinquency Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee will transfer from the Pledged Revenue Fund to the Prepayment and Delinquency Reserve Account on May 1 of each year, commencing May 1, 2025 an amount equal to the Additional Interest until the Prepayment and Delinquency Reserve Requirement has been accumulated in the Prepayment and Delinquency Reserve Account. Once the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account, all amounts in excess of the Prepayment and Delinquency Reserve Requirement will be transferred by the Trustee to the Redemption Fund to redeem Bonds as provided in the Indenture; provided, however, that at any time the amount on deposit in the Prepayment and Delinquency Reserve Account is less than the Prepayment and Delinquency Reserve Requirement, the Trustee will resume depositing such amounts from the Pledged Revenue Fund into the Prepayment and Delinquency Reserve Account until the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account; provided, however, that the City shall not be required to replenish the Prepayment and Delinquency Reserve Account in the event funds are transferred from the Prepayment and Delinquency Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption, optional redemption, or mandatory redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture.

The Prepayment and Delinquency Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds. Whenever, on any Interest Payment Date, or on any other date at the written request of the



City Representative, the amount in the Prepayment and Delinquency Reserve Account exceeds the Prepayment and Delinquency Reserve Requirement, the Trustee will provide written notice to the City of the amount of the excess. The amount of such excess on deposit in the Prepayment and Delinquency Reserve Account will be transferred to the Redemption Fund.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Prepayment and Delinquency Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

### **Administrative Fund**

The City has created under the Indenture an Administrative Fund to be held by the Trustee. Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Annual Installments allocated to the payment of Annual Collection Costs associated with the Assessments, as set forth in the Service and Assessment Plan.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan.

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

### **Defeasance**

All Outstanding Bonds Similarly Secured shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with any money deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the money or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. Neither Defeasance Securities nor money deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; and provided further investments are, at the time made, included in and authorized by the City’s official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the

governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

### **Events of Default**

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
- (iii) the failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and the Pledged Revenues must be available to the City to make any such payments; and
- (iv) default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of 90 days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds Similarly Secured with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

### **Remedies in Event of Default**

Upon the happening and continuance of any Event of Default, the Owners of at least 25% of the Bonds Similarly Secured then Outstanding, may direct the Trustee to proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law in any court of competent jurisdiction for any relief to the extent permitted by Applicable Laws including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or will be permitted.

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

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

Whenever moneys are to be applied pursuant to an Event of Default, irrespective of whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of the

Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

### **Restriction on Owner's Actions**

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least 25% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right thereunder except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

### **Application of Revenues and Other Moneys After Event of Default**

All moneys, securities, funds and Pledged Revenues, Pledged Funds and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or redemption price then due on Bonds Similarly Secured, as follows:

- (i) FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

(ii) **SECOND:** To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or redemption price of any Bonds Similarly Secured which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Within ten days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to the Indenture.

The restoration of the City to its prior position after any and all defaults have been cured, as provided in the third paragraph under the subcaption “SECURITY FOR THE BONDS SIMILARLY SECURED — Restriction on Owners’ Actions,” shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

### **Investment or Deposit of Funds**

Money in any fund established pursuant to the Indenture will be invested by the Trustee as directed by the City pursuant to a City Order filed with the Trustee at least two days in advance of the making of such investment. Such investments shall be (i) in time deposits or certificates of deposit secured in the manner required by law for public funds, (ii) in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, (iii) in obligations of any agencies or instrumentalities thereof, or (iv) in such other investments as are permitted under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, as amended (the “PFIA”), or any successor law, as in effect from time to time; provided that all such deposits and investments shall be directed by the City to be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any fund will be available at the proper time or times.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in the Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of permitted investments.

### **Against Encumbrances**

Other than bonds issued to refund all or a portion of the Bonds Similarly Secured (“Refunding Bonds”), the City will covenant in the Indenture not to create and, to the extent Pledged Revenues are received, not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in the Indenture, or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

So long as Bonds Similarly Secured are Outstanding under the Indenture, the City will not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

### **Additional Obligations or Other Liens; Refunding Bonds**

The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Pursuant to the Indenture, “Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes or time warrants secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against the property within the District, in accordance with the PID Act. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured (“Subordinate Obligations”).

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in the Indenture shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds Similarly Secured or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth in the Indenture:

The principal of all Refunding Bonds must (i) be scheduled to be paid, (ii) be subject to mandatory sinking fund redemption or (iii) mature, on November 1 of the years in which such principal (i) is scheduled to be paid, (ii) is subject to mandatory sinking fund redemption or (iii) matures. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be May 1 and November 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

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

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### SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds and other available funds of the City:<sup>(1)</sup>

Sources of Funds:	
Principal Amount	\$
TOTAL SOURCES	\$
Use of Funds:	
Deposit to Improvement Area #3 Improvements Account of the Project Fund	\$
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Reserve Account of the Reserve Fund	
Underwriter's Discount <sup>(2)</sup>	
TOTAL USES	\$

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<sup>(1)</sup> To be updated and completed upon pricing.

<sup>(2)</sup> Includes Underwriter's Counsel's fee of \$\_\_\_\_\_.

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### DEBT SERVICE REQUIREMENTS

The following table sets forth the anticipated debt service requirements for the Bonds:<sup>(1)</sup>

<b><u>Period Ending (November 1)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
<u>2053</u>			
<b>Total</b>			

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<sup>(1)</sup> To be updated and completed upon pricing.

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**PROJECTED ANNUAL INSTALLMENTS OF THE ASSESSMENTS**

The following table sets forth the projected Annual Installments of the Assessments, including amounts levied for Annual Collection Costs, upon issuance of the Bonds<sup>(1)</sup>:

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Interest</u>	<u>Annual Collection Costs</u>	<u>Total Annual Installments</u>
2025	\$	\$	\$	\$	\$
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<sup>(1)</sup> To be updated and completed upon pricing. See “APPENDIX C — Form of Service and Assessment Plan” for a preliminary projection of the Annual Installments of the Assessments.

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**OVERLAPPING TAXES AND DEBT**

**Overlapping Taxes**

The land within Improvement Area #3 has been, and is expected to continue to be, subject to taxes imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments. Pursuant to the Whisper Valley and Indian Hills Annexation and Development Agreement (the “Development Agreement”) effective as of June 18, 2009, by and among the City, the Developer and Club Deal 116 Indian Hills TX, Limited Partnership (the “Indian Hills Developer”), the City has agreed not to annex for full purposes or impose ad valorem taxes on all or a portion of the property in the District until (i) for property within the District for which PID Bonds have been issued to pay for public improvements, or for which the Developer has in good faith requested that the City issue PID Bonds to pay for public improvements, the earlier of (a) the date that all PID Bonds, relating to the portion of the property in the District to be annexed, are paid in full, or (b) 44 years and six months after the effective date of the Development Agreement, and (ii) for property within the District for which PID Bonds have not been issued to pay for public improvements, or for which the Developer has not in good faith requested that the City issue PID Bonds to pay for public improvements, 15 years after the effective date of the Development Agreement.

Travis County (the “County”), Del Valle Independent School District (“Del Valle ISD”), Austin Community College District, Travis County Healthcare District (d/b/a Central Health) and Travis County Emergency Services District No. 12 (the “Travis County ESD No. 12”) may each levy ad valorem taxes upon the Assessed Parcels in Improvement Area #3 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on the Assessed Parcels within Improvement Area #3 of the District.

**Overlapping Taxes in Improvement Area #3**

<u>Taxing Entity</u>	Tax Year 2024 Ad Valorem Tax Rate <sup>(1)</sup>
Travis County	\$0.344445
Del Valle ISD	0.996900
Austin Community College District	0.101300
Travis County Healthcare District (d/b/a Central Health)	0.107969
Travis County ESD No. 12	<u>0.100000</u>
Total Current Tax Rate	<u>\$1.650614</u>
Estimated Average Annual Installment of Assessments in Improvement Area #3 as an Equivalent Tax Rate <sup>(2)</sup>	\$0.537175
<b>Estimated Total Tax Rate and Average Annual Installment of Assessment in Improvement Area #3 as an Equivalent Tax Rate <sup>(2)</sup></b>	<b>\$2.18779</b>

<sup>(1)</sup> As reported by the taxing entities for Tax Year 2024. Per \$100 of taxable assessed value.

<sup>(2)</sup> Derived from the Service and Assessment Plan. For each single-family residential lot, the Financing Agreement establishes a “Maximum Annual Assessment,” as an amount that does not exceed the lesser of (i) 125% of such lot’s anticipated buildout value (as determined by the Administrator) times the City’s tax rate in the fiscal year the Assessment is determined or (ii) the equivalent tax rate as calculated at the time of the most recent Assessment levy increased by 2% per year to the date of the new Assessment levy. See “ASSESSMENT PROCEDURES — Assessment Amounts - Assessment Amounts” and “APPENDIX G — Financing Agreement.” Does not include Improvement Area #3’s allocable share of the Master Improvement Area Assessments, which were prepaid in June 2023. See “PLAN OF FINANCE — Prior Bond Financings.” Preliminary; subject to change.

Source: Municipal Advisory Council of Texas and the Service and Assessment Plan.

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## Overlapping Debt

As noted above, Improvement Area #3 includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to the Assessed Parcels, as of October 1, 2024, and City debt secured by the Assessments.

### Overlapping Debt in Improvement Area #3

<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt as of October 1, 2024</u>	<u>Estimated % Applicable<sup>(1)</sup></u>	<u>Direct and Estimated Overlapping Debt</u>
The City (The Assessments) <sup>(2)</sup>	\$ 11,990,000	100.0000%	\$ 11,990,000
Travis County	1,099,010,000	0.0132	145,069
Del Valle ISD	623,145,000	0.2117	1,319,198
Austin Community College District	540,180,000	0.0146	78,886
Travis County Healthcare District (d/b/a Central Health)	165,705,000	0.0133	22,039
Travis County ESD No. 12	N/A <sup>(3)</sup>	0.6672	N/A <sup>(3)</sup>
<b>Total</b>	<b>\$ 2,440,030,000</b>		<b>\$ 13,555,172</b>

<sup>(1)</sup> Based on the estimated value of Improvement Area #3 as described in the Appraisal or, for the taxing entities, the certified valuations for Tax Year 2024.

<sup>(2)</sup> Preliminary; subject to change. Does not include Improvement Area #3's allocable share of the Master Improvement Area Assessments, which were prepaid in June 2023. See "PLAN OF FINANCE — Prior Bond Financings."

<sup>(3)</sup> The Travis County ESD No. 12 additionally has privately placed loans outstanding, which are secured by ad valorem taxes; principal amounts are unknown and not included in this table.

Sources: Travis Central Appraisal District, Municipal Advisory Council of Texas and the Appraisal.

## Owners' Association

In addition to the Assessments, it is anticipated that each property owner of an Assessed Parcel in Improvement Area #3 will pay an annual maintenance and operation fee and/or a property owner's association fee (the "General Owners' Association Fee") to Whisper Valley Master Community, Inc. (the "Owners' Association"), an owners' association formed by the Developer. Each property owner of an Assessed Parcel in Improvement Area #3 may also be required to pay to the Owners' Association one or more additional annual maintenance and operation fee (the "Additional Owners' Association Fee" and together with the General Owners' Association Fee, the "Owners' Association Fees") for the operation and maintenance of any improvements or amenities specific to the property owner's lot. See "THE DEVELOPMENT — HOA Assessments." Each property owner of an Assessed Parcel also will be required to pay a monthly geothermal service assessment (the "Geothermal Service Assessment") to defray the cost of providing geothermal service to a home, including the cost to maintain and repair the geothermal loop system and administrative expenses. See "THE DEVELOPMENT — Utilities – Other Utilities."

## ASSESSMENT PROCEDURES

### General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meaning given to such terms in the Service and Assessment Plan. See "APPENDIX C — Form of Service and Assessment Plan." As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #3 Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #3 Improvements and the land within Improvement Area #3 to be subject to Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the Assessed Parcels within Improvement Area #3, the amount of the benefit to and the Assessment against each Assessed Parcel and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the City Clerk and made available for public inspection. Statutory notice was given to the owners of the property to be assessed, and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #3 Improvements and funding the same with Assessments. The City levied the Assessments and adopted the Assessment Ordinance on August 31, 2023. Upon adoption of the Assessment Ordinance, the Assessments became legal, valid and binding liens upon the property against which the Assessments are made.

Under the PID Act, the costs of Improvement Area #3 Improvements to be defrayed through Assessments may be assessed by the City against the Assessed Parcels in Improvement Area #3 of the District so long as the special benefit conferred upon the Assessed Parcels by the Improvement Area #3 Improvements equals or exceeds the Assessments. The costs of the Improvement Area #3 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Parcels similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #3 of the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Form of Service and Assessment Plan.”

### **Assessment Methodology**

The Service and Assessment Plan describes the special benefit received by each Assessed Parcel as a result of the Improvement Area #3 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments levied, and establishes the methodology by which the City allocated the special benefit of the Improvement Area #3 Improvements to Assessed Parcels in a manner that resulted in equal shares of costs being apportioned to Assessed Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #3 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessments.

As set forth in the Service and Assessment Plan, the benefits received by the Improvement Area #3 Improvements were spread among the Assessed Parcels based on the ratio of the estimated build out value of each Assessed Parcel to the total estimated build out value for all Assessed Parcels within Improvement Area #3. As lots are subsequently divided, the Assessments will be further apportioned based on the ratio of the estimated build out values of the newly created lots. See “ASSESSMENT PROCEDURES — Assessment Amounts – Method of Apportionment of Assessments.”

For further explanation of the Assessment methodology, see “APPENDIX C — Form of Service and Assessment Plan.” The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on Assessed Parcels similarly benefited within Improvement Area #3. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners within Improvement Area #3. See “APPENDIX C — Form of Service and Assessment Plan.”

### **Collection and Enforcement of Assessment Amounts**

Under the PID Act, the Annual Installments of Assessments may be collected in the same manner and at the same time as ad valorem taxes of the City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against all of the Assessed Parcels within Improvement Area #3, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See “BONDHOLDERS’ RISKS — Assessment Limitations” herein.

**AN ASSESSMENT LIEN MAY NOT BE FORECLOSED UPON IF PRE-EXISTING HOMESTEAD RIGHTS WERE PROPERLY CLAIMED PRIOR TO THE ADOPTION OF THE ASSESSMENT ORDINANCE FOR AS LONG AS SUCH RIGHTS ARE MAINTAINED ON THE PROPERTY. SEE “BONDHOLDERS’ RISKS — Assessment Limitations” AND “— Pre-Existing Homesteads in Improvement Area #3.” NOTWITHSTANDING THE POTENTIAL INABILITY OF THE CITY TO FORECLOSE, A MORTGAGEE ON SUCH PROPERTY MAY FORECLOSE FOR NON-PAYMENT OF A MORTGAGE, SUBJECT TO THE ASSESSMENT LIEN. SEE “— Foreclosure Proceedings and Potential Barriers to Foreclosure on Non-Foreclosure Lots” BELOW. MOREOVER, ASSESSMENTS ARE A PERSONAL LIABILITY OF AND CHARGE AGAINST THE OWNERS OF THE ASSESSED PROPERTY.**

The City will covenant in the Indenture to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the

City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

The City will covenant, agree and warrant in the Indenture that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

To the extent permitted by law, notice of the Annual Installments of Assessments will be sent by, or on behalf of the City, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment of an Assessment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment of Assessment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of a delinquent Assessment or the corresponding Assessed Parcel.

The City expects to implement the basic timeline and procedures for Assessment collections and pursuit of delinquencies set forth in Exhibit C of the Continuing Disclosure Agreement of the Issuer set forth in APPENDIX E-1 and to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Assessments.

The City will not be required under any circumstances to expend any funds for Delinquent Collection Costs, in connection with its covenants and agreements under the Indenture or otherwise other than funds on deposit in the Administrative Fund.

Annual Installments will be paid to the City or its agent. Annual Installments are due when billed on or about October 1 each year and become delinquent on February 1 of the following year. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

## Assessment Amounts

Assessment Amounts. The amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Parcel. The Annual Installments for Improvement Area #3 may not exceed the amounts shown on the Assessment Roll. The Assessments have been levied against the parcels comprising the Assessed Parcels in Improvement Area #3 as indicated on the Assessment Roll. See “APPENDIX C — Form of Service and Assessment Plan.”

Pursuant to the Financing Agreement, the City has established a Maximum Annual Assessment for each parcel as an amount that does not exceed the lesser of (i) 125% of such parcel’s anticipated buildout value (as determined by the Administrator) times the City’s tax rate in the fiscal year the Assessment is determined or (ii) the equivalent tax rate as calculated at the time of the most recent Assessment levy increased by 2% per year to the date of the new Assessment levy. See “APPENDIX G — Financing Agreement.”

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

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council determined that the Assessments shall be allocated to the Assessed Parcels according to estimated buildout value per Assessed Parcel. Upon the division of any Assessed Parcel without the recording of a subdivision plat or creation of units by horizontal condominium regime, the Administrator shall reallocate the Assessment for the Assessed Parcel prior to the subdivision among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Assessment for the newly divided Assessed Parcel

B = the Assessment for the Assessed Parcel prior to division

C = the estimated buildout value of the newly divided Assessed Property

D = the sum of the estimated buildout value for all the newly divided Assessed Parcels

The calculation of the estimated buildout value of an Assessed Parcel shall be performed by the Administrator based on information from the Developer, homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Parcel. The calculation as confirmed by the City Council shall be conclusive.

Upon the subdivision of any Assessed Parcel based on a recorded subdivision plat or creation of units by horizontal condominium regime, the Administrator shall reallocate the Assessment for the Parcel prior to the subdivision among the new subdivided Lots based on buildout value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

C = the sum of the estimated average buildout value of all newly subdivided Lots with same Lot Type

D = the sum of the estimated average buildout value for all the newly subdivided Lots excluding Non-Benefitted Property

E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat or creation of units by horizontal condominium regime, the Developer shall provide the City an estimated buildout value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view

premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the estimated average buildout value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Assessment for all newly subdivided Assessed Parcels or Lots shall not exceed the Assessment for the portion of the Assessed Parcel subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Parcel. The reallocation of an Assessment for an Assessed Parcel that is a homestead under State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council. See “APPENDIX C — Form of Service and Assessment Plan.”

The outstanding Assessments are allocated as follows:

**Outstanding Assessment Allocation by Single-family Lot Type in Improvement Area #3<sup>(1)</sup>**

Lot Type	Number of Lots	Projected Average Buildout Value <sup>(2)</sup>	Percent Allocation	Estimated Outstanding Assessment Per Lot	Total Estimated Outstanding Assessments	Initial Annual Installment per Lot <sup>(3)</sup>	Average Equivalent Tax Rate per \$100 AV
35'	82	\$ 29,684,000	18.36%	\$ 26,840.02	\$ 2,200,881.56	\$1,944.57	0.5372
40'	113	42,149,000	26.06%	27,655.60	3,125,082.77	2,003.66	0.5372
50'	168	89,880,000	55.58%	39,666.88	6,664,035.67	2,873.88	0.5372
<b>Total<sup>(4)</sup></b>	<b>363</b>	<b>\$161,713,000</b>	<b>100.00%</b>		<b>\$11,990,000.00</b>		

- <sup>(1)</sup> Preliminary; subject to change. Derived from information obtained from the Service and Assessment Plan, and from lot counts and values provided by the Developer.
- <sup>(2)</sup> Derived from Exhibit T of the Service and Assessment Plan.
- <sup>(3)</sup> Based on the Annual Installment due January 31, 2025.
- <sup>(4)</sup> Totals may not add due to rounding.

The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “APPENDIX C — Form of Service and Assessment Plan.”

**Value to Lien**

Subject to the various conditions and assumptions set forth in the Appraisal, the Appraiser (as defined herein) estimated the aggregate, or cumulative, value of fee simple interest of the Assessed Property to be \$43,400,000. See “APPRAISAL” and “APPENDIX F — Appraisal of Improvement Area #3.” As set forth in the following table, the ratio of the aggregate appraised value of the Assessed Property as set forth in the Appraisal to the total amount of Assessments securing the Bonds is 3.62:1.

Appraised Value of Assessed Property	Total Assessment Outstanding	Value-to-Lien Ratio
\$43,400,000	\$11,990,000	3.62:1

The value-to-lien of individual parcels within Improvement Area #3 may vary based on lot size and status of home construction. For a breakdown of appraised value by lot type, see “APPENDIX F—Appraisal of Improvement Area #3.”

**Prepayment of Assessments**

*Voluntary Prepayments.* Pursuant to the PID Act, the Service and Assessment Plan and the Indenture, the owner of any Assessed Parcel may voluntarily prepay all or part of any Assessment levied against the respective Lot or Parcel, together with accrued interest to the date of payment, at any time (a “Prepayment”). Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the

time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

*Mandatory Prepayments.*

**Maximum Annual Assessment Exceeded.** If the Assessment for any Lot Type exceeds the Maximum Annual Assessment on the Maximum Assessment Calculation Date (as defined below), the owner must partially prepay the Assessment for each Assessed Parcel that exceeds the Maximum Annual Assessment in an amount sufficient to reduce the Assessment to the Maximum Annual Assessment. The owner of a Parcel shall notify the Administrator at least 30 days before the Maximum Assessment Calculation Date so that the Administrator can determine whether a Prepayment is required. If a Prepayment is required, the Administrator will notify the owner of the Parcel as well as the Developer, and the Prepayment must be made prior to subdividing by plat, issuance of a site development permit, or creating units by a horizontal condominium regime. "Maximum Assessment Calculation Date" means 30 days prior to subdividing by plat, issuance of a site development permit, creating units by a horizontal condominium regime, or any other action that would cause the uses within a Parcel to differ from the uses shown on Exhibit D-4 to the Service and Assessment Plan.

If a Prepayment of an Assessment is due and owing pursuant to the provisions above (including providing the required notice to Developer) and remains unpaid for 90 days after such notice, the City, upon providing written notice to the Developer, may reduce the amount of the applicable Assessments by a corresponding amount, provided that such Assessments shall not be reduced to an amount less than the outstanding Bonds.

**Transfer to Exempt Person or Entity.** If (i) Assessed Parcel is transferred to a party that is exempt from the payment of the Assessment under applicable law, or (ii) an owner of Assessed Parcel causes the Assessed Parcel to become Non-Benefited Property, the owner of such Assessed Parcel shall pay to the City the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs, if any, prior to any such transfer or act, in accordance with the Service and Assessment Plan.

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

For the Assessed Parcel that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Parcel (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Parcel (the Assessed Parcel less the Taken Property) (the "Remaining Property") following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner will remain liable to pay in Annual Installments, or payable as otherwise provided by the Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Annual Installments applicable to the Remaining Property after any required Prepayment as set forth below.

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

**Reduction of Assessments**

If as a result of cost savings or an Improvement Area #3 Improvement not being constructed, the Actual Costs of completed Improvement Area #3 Improvements are less than the Assessments, the City Council shall reduce

each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Parcels receiving benefit from the Improvement Area #3 Improvements equals the reduced Actual Costs. The Assessments shall not, however, be reduced to an amount less than the outstanding Bonds.

### **Priority of Lien**

The Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the Assessed Parcels, superior to all other liens and claims except liens or claims for the State, county, school districts or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Assessment Ordinance until the Assessment is paid and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any Assessed Parcel may pay the entire Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

### **Foreclosure Proceedings and Potential Barriers to Foreclosure on Non-Foreclosure Lots**

**ACCORDING TO THE DEVELOPER, APPROXIMATELY 8 OF THE 363 LOTS THAT COMPRISE THE ASSESSED PROPERTY WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT WERE SOLD TO THIRD-PARTIES PRIOR TO THE DATE OF THE ASSESSMENT ORDINANCE, AND THEREFORE, COULD POTENTIALLY HAVE PRE-EXISTING HOMESTEAD RIGHTS. BASED ON A REVIEW OF THE TRAVIS CENTRAL APPRAISAL DISTRICT'S RECORDS, THE CITY ESTIMATES, BUT CANNOT GUARANTEE, THAT THERE ARE PRE-EXISTING HOMESTEAD RIGHTS ASSOCIATED WITH APPROXIMATELY 8 OF THE 363 LOTS THAT COMPRISE THE ASSESSED PROPERTY WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT (ALSO REFERRED TO HEREIN AS THE "NON-FORECLOSURE LOTS"). THE TEXAS ATTORNEY GENERAL HAS OPINED IN OPINION NO. GA-0237 (2004) THAT AN ASSESSMENT LIEN MAY NOT BE ENFORCED BY A FORECLOSURE PROCEEDING UNLESS THE ASSESSMENT LIEN, WHICH IS EFFECTIVE FROM AND AFTER THE DATE OF THE ORDINANCE LEVYING THE ASSESSMENT, PREDATES THE DATE THE PROPERTY BECAME A HOMESTEAD. THUS, THE CITY MAY NOT BE ABLE TO FORECLOSE ON THE LIEN ASSOCIATED WITH THE NON-FORECLOSURE LOTS FOR AS LONG AS SUCH RIGHTS ARE MAINTAINED ON THE PROPERTY. IT IS UNCLEAR UNDER TEXAS LAW WHETHER OR NOT PRE-EXISTING HOMESTEAD RIGHTS WOULD PREVENT THE ASSESSMENT LIEN FROM ATTACHING TO SUCH HOMESTEAD PROPERTY OR INSTEAD CAUSE THE ASSESSMENT LIEN TO ATTACH, BUT REMAIN SUBJECT TO, THE PRE-EXISTING HOMESTEAD RIGHTS. NOTWITHSTANDING THE POTENTIAL INABILITY OF THE CITY TO FORECLOSE, A MORTGAGEE ON SUCH PROPERTY MAY FORECLOSE FOR NON-PAYMENT OF A MORTGAGE, SUBJECT TO THE ASSESSMENT LIEN. MOREOVER, ASSESSMENTS ARE A PERSONAL LIABILITY OF AND CHARGE AGAINST THE OWNERS OF THE ASSESSED PROPERTY.**

Except for the Non-Foreclosure Lots, in the event of delinquency in the payment of any Annual Installment, except for unpaid Assessments on homestead property (unless the lien associated with the assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in state district court to foreclose the lien of such delinquent Annual Installment. In such action the real property subject to the delinquent Annual Installment of an Assessment may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest.

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event, there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Parcel.



The City will covenant in the Indenture to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See “APPENDIX B — Form of Indenture.” See also “APPENDIX E-1 — Form of Disclosure Agreement of the Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

## **THE CITY**

### **Administration**

Incorporated in 1839, the City operates under a Council-Manager form of government under its Home Rule Charter. The City Council is comprised of an eleven-member council, with the Mayor elected at-large, and the remaining members elected from ten single-member districts. Councilmembers, including the Mayor, serve a four-year term, with the terms of the councilmembers staggered so that every two years five of the councilmembers stand for election, and five councilmembers stand for election two years later. See “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – General Information” in this document.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

### **City Manager – T.C. Brodnax**

Mr. T.C. Brodnax began serving as Austin City Manager on May 6, 2024. Prior to being appointed to the City Manager of the City of Austin, he previously served as the City Manager of the City of Dallas from 2017 to 2024. Prior to joining the City of Dallas, he served as City Manager of Tacoma, Washington and has more than 25 years of local government management experience. Mr. Brodnax is an International City/County Manger’s Association Credentialed Manager and is recognized throughout the country for his significant contributions working in the public sector tackling issues relating to community and economic development, neighborhood revitalization, code enforcement, financial management and organizational leadership. His approach to public sector management and community engagement has been instrumental in enhancing quality of life for the residents of the cities he has served. Mr. Brodnax received a Bachelor of Arts degree in Political Science and Communications from Washburn University and a Master of Public Administration degree from the University of North Texas.

### **Chief Financial Officer – Ed Van Eenoo**

Mr. Ed Van Eenoo was appointed Chief Financial Officer on December 6, 2020 and oversees the City’s Building Services Department, Communications and Technology Management, Financial Services Department, Fleet Mobility Services Department, and Information Security. Prior to his appointment as Chief Financial Officer, Mr. Van Eenoo served as Deputy Chief Financial Officer for eight years and as the Budget Officer at the City for four years. Before joining the City, he spent nine years with the City of Chula Vista including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

### **Deputy Chief Financial Officer – Diana Thomas**

Ms. Diana Thomas currently serves as Deputy Chief Financial Officer, where she oversees the Financial Systems & Information Technology, Support Services, and Telecommunications & Regulatory Affairs programs within the Financial Services Department. She was appointed to the Deputy Chief Financial Officer position in June 2021 after serving as the City’s Controller from 2008 to 2021. Ms. Thomas started her career with the City in 1992 and has held various financial positions during her tenure. In 2006, she led the implementation of the City’s new financial system. Ms. Thomas received her Bachelor of Business Administration degree in Finance from the University of Texas at Austin and is a licensed CPA in the state of Texas.

### **Deputy Chief Financial Officer – Kimberly Olivares**

Ms. Kimberly Olivares currently serves as Deputy Chief Financial Officer, where she oversees Real Estate, Treasury, strategic facility delivery (P3s), tax increment reinvestment zone (TIRZ) and public improvement district (PID) financing. Ms. Olivares joined the City in 2003 and has held positions in the City Manager’s Office, Public Works Department, and Financial Services Department. Previously, she was the Chief Performance Officer leading the City’s commitment to instilling a culture of continuous learning and improvement throughout the organization through strategic plan organizational alignment and culture change, performance measurement and data analytics, and process improvement consulting. Ms. Olivares was also the Deputy Budget Officer for the City, managing the capital improvement program financial services, Budget Office information technology support team, and performance measurement program. She received her Bachelors of Arts from the University of Notre Dame, Master of Public Affairs from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and Master of Business Administration from St. Edward’s University. Ms. Olivares has also worked for the City of Southlake, Texas, and the City of Tampa, Florida. As a representative of the City, she is very active with the Government Finance Officers Association and serves as the Chair of its Committee on Economic Development and Capital Planning.

See “APPENDIX A — General Information Regarding the City” for more information.

## **THE DISTRICT**

### **General**

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the City in accordance with the PID Act by City of Austin Resolution No. 20100826-026 (the “Creation Resolution”) for the purpose of, among others, funding the Improvement Area #3 Improvements. The District is not a separate political subdivision of the State of Texas and is governed by the City Council. The District has been annexed for limited purposes and is located within the extraterritorial jurisdiction of the City and contains approximately 2,066 acres of land, and Improvement Area #3 contains approximately 112.2654 acres. Maps of the property within Improvement Area #3 and the District are included on pages v and vi hereof. See “APPENDIX C — Form of Service and Assessment Plan.”

### **Powers and Authority**

Pursuant to the PID Act, the City may establish and create the District and undertake or reimburse a property owner or developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City’s extraterritorial jurisdiction. The PID Act provides that the City may levy and collect Assessments on property in Improvement Area #3 of the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a property owner or developer for the costs of the financing, acquisition, construction or improvement of the Improvement Area #3 Improvements. See “THE IMPROVEMENT AREA #3 IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction and acquisition, if applicable, of the Improvement Area #3 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds Similarly Secured. The City has further determined to provide for the payment of debt service on the Bonds Similarly Secured through Pledged Revenues. See “SECURITY FOR THE BONDS

SIMILARLY SECURED — Pledged Revenues,” “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

### **Collection and Delinquency History of District Assessments**

*Master Improvement Area Assessments.* On November 3, 2011, the City levied the Master Improvement Area Assessments on assessable property in the District, including Improvement Area #3, through the City Council’s adoption of an assessment ordinance and approval of a service and assessment plan (the “Original Service and Assessment Plan”). Upon such adoption, the Master Improvement Area Assessments became legal, valid and binding liens upon the property against which the Master Improvement Area Assessments are made. The Subordinate Master Improvement Bonds are no longer outstanding.

The annual installments of Master Improvement Area Assessments relating to the Senior Master Improvement Bonds are due and payable on or before January 31 of each year, commencing on January 31, 2012. In March 2019, provisions were made for the payment of the outstanding Master Improvement Area Assessments allocable to Improvement Area #1. Such provisions included (i) a prepayment of Master Improvement Area Assessments allocable to Improvement Area #1 and (ii) transfers of funds from the prepayment reserve account and the reserve account of the reserve fund established under the indenture applicable to the Senior Master Improvement Bonds. As a result of such prepayment, the land within Improvement Area #1 is no longer subject to the Master Improvement Area Assessments. In August 2020, provisions were made for the payment of the outstanding Master Improvement Area Assessments allocable to Improvement Area #2. Such provisions included (i) a prepayment of Master Improvement Area Assessments allocable to Improvement Area #2 and (ii) transfers of funds from the prepayment reserve account and the reserve account of the reserve fund established under the indenture applicable to the Senior Master Improvement Bonds. As a result of such prepayment, the land within Improvement Area #2 is no longer subject to the Master Improvement Area Assessments. In June 2023, provisions were made for the payment of the outstanding Master Improvement Area Assessments allocable to Improvement Area #3. Such provisions included (i) a prepayment of Master Improvement Area Assessments allocable to Improvement Area #3 and (ii) transfers of funds from the prepayment reserve account and the reserve account of the reserve fund established under the indenture applicable to the Senior Master Improvement Bonds. As a result of such prepayment, the land within Improvement Area #3 is no longer subject to the Master Improvement Area Assessments. The collection and delinquency history for the Master Improvement Area Assessments can be found in the City’s annual continuing disclosure reports with respect to the Senior Master Improvement Bonds filed on EMMA (as defined herein).

**NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE MASTER IMPROVEMENT AREA ASSESSMENTS RELATING TO THE SENIOR MASTER IMPROVEMENT BONDS. THE MASTER IMPROVEMENT AREA ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.**

*Improvement Area #1 Assessments.* On August 23, 2018, the City levied the Improvement Area #1 Assessments on assessable property in Improvement Area #1, through the City Council’s adoption of an assessment ordinance and approval of an amended and restated service and assessment plan (the “2018 Service and Assessment Plan”), which amended and restated the Original Service and Assessment Plan in its entirety. Upon such adoption, the Improvement Area #1 Assessments became legal, valid and binding liens upon the property against which the Improvement Area #1 Assessments are made. The annual installments of Improvement Area #1 Assessments are due and payable on or before January 31 of each year, commencing on January 31, 2020.

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The following table shows the collection and delinquency history of the Improvement Area #1 Assessments.

**Collection and Delinquency of Improvement Area #1 Assessments**

Improvement Area #1 Assessments Due 1/31	Annual Installments	Parcels Levied	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(1)</sup>
2020	\$339,445.37	237	\$1,758.77	0.52%	\$339,445.37
2021	\$320,292.48	235	\$28.32	0.01%	\$320,292.48
2022	\$320,599.04	231	\$0.00	0.00%	\$320,599.04
2023	\$323,186.00	230	\$0.00	0.00%	\$323,186.00
2024	\$334,169.12	230	\$0.00	0.00%	\$334,169.12

<sup>(1)</sup> Excludes penalties and interest.

**THE COLLECTION AND DELINQUENCY HISTORY OF THE IMPROVEMENT AREA #1 ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY; NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE IMPROVEMENT AREA #1 ASSESSMENTS. THE IMPROVEMENT AREA #1 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.**

*Improvement Area #2 Assessments.* On October 1, 2020, the City levied the Improvement Area #2 Assessments on the Improvement Area #2 Assessed Parcels in accordance with an amended and restated service and assessment plan (the “2020 Service and Assessment Plan”), which amended and restated the 2018 Service and Assessment Plan in its entirety. Upon such adoption, the Improvement Area #2 Assessments became legal, valid and binding liens upon the property against which the Improvement Area #2 Assessments are made. The Annual Installments are due and payable on or before January 31 of each year, commencing on January 31, 2022.

The following table shows the collection and delinquency history of the Improvement Area #2 Assessments.

**Collection and Delinquency of Improvement Area #2 Assessments**

Improvement Area #2 Assessments Due 1/31	Annual Installments	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(1)</sup>
2022	\$450,378.78	266	\$5,838.30	1.30%	\$0.00	0.00%	\$450,378.78
2023	\$431,743.49	261	\$1,906.77	0.44%	\$0.00	0.00%	\$431,743.49
2024	\$454,254.29	260	\$1,489.68	0.33%	\$0.00	0.00%	\$454,254.29

<sup>(1)</sup> Excludes penalties and interest.

**THE COLLECTION AND DELINQUENCY HISTORY OF THE IMPROVEMENT AREA #2 ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY; NO ASSURANCE CAN BE GIVEN THAT THE FUTURE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE IMPROVEMENT AREA #2 ASSESSMENTS. THE IMPROVEMENT AREA #2 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.**

*Improvement Area #3 Assessments.* On August 31, 2023, the City levied the Assessments on the Improvement Area #3 Assessed Parcels in accordance with an amended and restated service and assessment plan (the “2023 Service and Assessment Plan”), which amended and restated the 2018 Service and Assessment Plan in its entirety. Upon such adoption, the Assessments became legal, valid and binding liens upon the property against which the Assessments are made. The Annual Installments are due and payable on or before January 31 of each year, commencing on January 31, 2024.

The following table shows the collection and delinquency history of the Assessments.

**Collection and Delinquency of Improvement Area #3 Assessments**

Assessments Due 1/31	Annual Installments	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1 <sup>(1)</sup>	Delinquent Percentage as of 9/1	Annual Installments Collected <sup>(2)</sup>
2024	\$878,800.00	363	\$61,940.34	7.05%	\$50,223.96	5.72%	\$875,892.64

<sup>(1)</sup> Delinquent amount is \$2,907.36 as of November 12, 2024.

<sup>(2)</sup> An additional \$12,427.14 collected in penalty and interest as of November 12, 2024 which is not reflected in the collection amounts above.

**THE COLLECTION AND DELINQUENCY HISTORY OF THE ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY; NO ASSURANCE CAN BE GIVEN THAT THE FUTURE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE ASSESSMENTS.**

The following table shows the largest Assessment payers in Improvement Area #3, as of October 1, 2024.

**Improvement Area #3 Assessment Payer Concentration<sup>(1)</sup>**

Property Owner	Number of Lots	Outstanding Assessments	Percentage of Total Assessments
Developer Affiliated Entities <sup>(2)</sup>	177	\$5,647,822	47.10%
LGI Homes Texas LLC	51	\$1,662,672	13.87%
Pacesetter Homes LLC	46	1,245,243	10.39%
GFO Home LLC	30	1,190,006	9.92%
Richmond American Homes of Texas	13	515,669	4.30%
Nexstep Homes LLC	7	253,646	2.12%
Aha Dream homes LLC	6	238,001	1.98%
Instabuilt Holdings Corp	2	55,311	0.46%
Subtotal IA #3 Homebuilders	155	\$5,160,550	43.04%
3 <sup>rd</sup> -Party Homeowners	31	\$1,181,628	9.86%
<b>Total<sup>(3)</sup></b>	<b>363</b>	<b>\$11,990,000</b>	<b>100.00%</b>

<sup>(1)</sup> As reported by Travis Central Appraisal District and the Developer, as of October 1, 2024.

<sup>(2)</sup> Includes property owned by WVV1P3 LP and WVV1P4 LP.

<sup>(3)</sup> Amounts may not total due to rounding.

**THE IMPROVEMENT AREA #3 IMPROVEMENTS**

**General**

A portion of the Actual Costs of the Improvement Area #3 Improvements will be funded with the proceeds of the Bonds. The Developer has completed construction of the Improvement Area #3 Improvements. From the proceeds of the Bonds, the City will reimburse the Developer for a portion of the project costs for an Improvement Area #3 Improvement (or completed segment or phase) upon approval of a Certification of Payment pursuant to the Financing Agreement, the Reimbursement Agreement and the Indenture. The Developer will be paid for costs actually incurred in developing and constructing the Improvement Area #3 Improvements. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Project Fund” and “THE DEVELOPMENT — The Financing Agreement” and “— The Reimbursement Agreement” and “APPENDIX G — Financing Agreement.”

**Improvement Area #3 Improvements**

Erosion Control. The erosion control installed consist of silt fence, silt fence, rock berms, construction entrances, inlet protection, and topsoil for the limits of Improvement Area #3.

Clearing. The clearing improvements include clear and grub, excavation, embankment, and lot grading for the area of Improvement Area #3 containing the Improvement Area #3 Improvements.

Drainage, Water Quality and Detention Improvements. The drainage improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and water quality/detention ponds. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of Improvement Area #3.

Streets. The street improvements include subgrade stabilization (including excavation and drainage), base material and asphalt for roadways, concrete and reinforcing steel for curbs, handicapped ramps. Intersections and signage are included. These roadway improvements include streets that will provide street access to each lot. These projects provide access to existing community roadways, county and state highways.

Water. The water improvements include trench excavation and embedment, trench safety, PVC and DI piping, fire hydrant assemblies, air release valves, gate valves, service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the Improvement Area #3.

Wastewater. The wastewater improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of Improvement Area #3.

Landscaping, Parks and Trails. The landscaping, parks and trails improvements includes street designs, pedestrian/bike circulation routes, landscaping, and recreational activities. Neighborhood parks, public places and multi-use paths promote meaningful connections to the public and residents, and community activities. Common areas include landscaped areas along the collector streets, including trees, trails, and planting and irrigation. Pocket parks are open space areas within each neighborhood which are landscaped and irrigated and provide outdoor landscape improvements open to the public and residents of the community. Trails consist of multi-use paths, midblock pedestrian paths, and walkways located in public corridors that serve origin and destination points.

Soft Costs. Soft costs include land planning and design, City fees, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, and other District costs incurred and paid by the Developer.

**Costs of Improvement Area #3 Improvements**

The following table reflects the Actual Costs of the Improvement Area #3 Improvements, as shown in the Service and Assessment Plan.

<b><u>Improvement Area #3 Improvements Actual Costs<sup>(1)</sup></u></b>	
<u>Type of Improvement</u>	<u>Total Costs</u>
Streets	\$ 3,235,710
Drainage, Water Quality and Detention	3,794,918
Water	1,443,157
Wastewater	1,616,495
Erosion Control	883,553
Clearing	1,204,692
Landscaping, Parks and Trails	928,995
Soft Costs	<u>1,000,000</u>
<b>Total</b>	<b><u>\$14,107,520</u></b>

<sup>(1)</sup> Does not include approximately \$1,990,480\* in costs related to the issuance of the Bonds.

The Actual Costs of the Improvement Area #3 Improvements are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City and were

\* Preliminary; subject to change.

approved by the City Council as part of the 2023 Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.”

The Actual Cost of all the Improvement Area #3 Improvements, including costs of issuance of the Bonds is expected to be approximately \$16,098,000.00\*. Only a portion of the Actual Costs of the Improvement Area #3 Improvements and costs of issuance of the Bonds, in the approximate amount of \$11,990,000\*, are expected to be paid with proceeds of the Bonds. The balance of the costs of the Improvement Area #3 Improvements, in the amount of \$4,108,000\* were financed by the Developer with funds invested in the construction of the Improvement Area #3 Improvements. If any portion of the of the balance of the Reimbursement Agreement remains unpaid after the City issues the Bonds, such amount shall be discharged and shall no longer be due and owing. See “PLAN OF FINANCE — Reimbursement Agreement,” “SOURCES AND USES OF FUNDS” and “THE DEVELOPMENT — The Reimbursement Agreement.”

The Appraisal (as defined below) estimates that the market value as is of the Assessed Parcels within Improvement Area #3, as of August 23, 2024, is \$43,400,000. See “APPRAISAL OF IMPROVEMENT AREA #3.” The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the City. The estimates of value presented in the Appraisal are no indication of the appraised property’s actual market value. Investors should not assume that the disposition of the lots in the appraised property, consisting of the Assessed Parcels within Improvement Area #3 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth in the Appraisal. See “APPRAISAL OF IMPROVEMENT AREA #3” for further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions and qualifications.

### **Ownership and Maintenance of Improvement Area #3 Improvements**

The Improvement Area #3 Improvements have been dedicated to and substantially accepted by the City or the County, as applicable, and constitute a portion of the respective entity’s infrastructure improvements. The City or the County, as applicable, will provide for the ongoing maintenance and repair of their respective Improvement Area #3 Improvements once fully accepted.

## **THE DEVELOPMENT**

*The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.*

### **Overview**

The Development is located in the limited purpose annexation and extraterritorial jurisdiction of the City. The boundaries of the Development are coterminous with the District as described in “THE DISTRICT.” The Development contains approximately 2,066 acres, of which approximately 1,429 is planned to be developed as a master-planned residential community with supporting retail and office/commercial components as further described below. A boundary map of the Development is included on page v.

The Development is located on the east side of SH-130, at FM 973, and south of US-290 East in east central Travis County. The Development is located approximately 12 miles from the Austin-Bergstrom International Airport and approximately 8 miles from the Tesla Gigafactory.

Braker Lane runs east to west through the center of the main tract of the Development, as shown on the “MAP SHOWING CONCEPT PLAN OF THE DISTRICT” on page v herein. The northeast tract of the Development is isolated from the main tract by Taylor Lane. The east boundary of the main tract has over 9,400 feet of frontage along the west side of Taylor Lane and the northeast tract has over 2,900 feet of frontage on Taylor Lane’s east side. There is access from Wells Trace near the tract’s southwest corner. Wells Trace is a two-lane residential street that connects the tract’s south boundary to Nez Pierce Trace and Decker Lake Road. Decker Lake Road in this area is a secondary local access road and the section from Nez Pierce Trace west to Wells Trace continuing to Gilbert Road is a dirt path. See “MAP SHOWING CONCEPT PLAN OF THE DISTRICT” on page v herein.

## Development Plan

The Development. In 2006, the Developer acquired the property comprising the District with the plan to develop it as a master-planned mixed-use community. The property constituting the District was purchased by the Developer with cash in two pieces in August and December 2006. The total acquisition price was \$28,550,000. At the time, the land was in its current raw state with no improvements or infrastructure. To date the Developer has invested approximately \$170,000,000 to achieve the limited purpose annexation, Planned Unit Development (“PUD”), zoning entitlements, and creation of the District and construction of the Master Improvement Area Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements and the Improvement Area #3 Improvements and an energy delivery system composed of geothermal grids that allow homes to be built as zero energy capable homes.

At completion, the Development is expected to consist of approximately 5,000 single-family residential units, of which approximately 4,750 will be detached single-family residential units and approximately 250 will be attached single-family residential units, 2,500 multifamily units, 68 acres of commercial development, and 55 acres of mixed-use development. The Development will also contain approximately 700 acres of open space/parkland. It is anticipated that the Development will include multiple school sites and other various yet-to-be determined civic uses including fire stations, libraries, as well as parks, entry monuments, associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities and a transportation node in connection with the Capital Area Metropolitan Planning Organization’s regional active transportation plan. The current development plan is divided into two major steps, “macro-structure” development followed by “micro-structure,” or development of the individual Improvement Areas, as described below.

Macro-structure. The initial macro-structure development consisted of the Initial Master Improvement Area Improvements necessary to serve the entire District, including the construction of necessary water lines, a wastewater treatment plant and associated interceptor line, and the first phase of the primary arterial road Braker Lane. The proceeds of the Master Improvement Area Senior Bonds and the Master Improvement Area Subordinate Bonds were used to reimburse the Developer for a portion of the costs of the Initial Master Improvement Area Improvements. See “APPENDIX C — Form of Service and Assessment Plan.” The Developer began construction of the Initial Master Improvement Area Improvements in November of 2011 and completed the construction of all of the Initial Master Improvement Area Improvements in early 2018.

The second phase of the macro-structure, consists of the Additional Master Improvement Area Improvements, including the construction of Water Line 5 and the completion of Braker Lane east of Taylor Lane. The Developer expects to begin construction of the Additional Master Improvement Area Improvements in 2024 and complete such construction in 2027. The Developer will continue extending water and sewer lines to serve the Future Improvement Area as construction continues.

Micro-structure. The Developer anticipates that the District will be divided into numerous phases or Improvement Areas, each consisting of approximately 200 to 400 residential lots. Each Improvement Area may also include multifamily units, commercial development and/or mixed-used development. The Developer expects that the micro-structure development of each Improvement Area will occur based on market demand and will consist of certain internal public improvements, including local streets, water, wastewater, drainage structures and landscaping, along with private geothermal grids, that benefit each individual Improvement Area.

The Developer began the phased development in November of 2014 with the construction of the Improvement Area #1 Improvements benefitting Improvement Area #1. The Developer has completed all the Improvement Area #1 Improvements, which have been accepted by either the City or the County, as applicable. The IA #2 Developer Affiliate began construction of the Improvement Area #2 Improvements benefitting Improvement Area #2 in February of 2019. All of the Improvement Area #2 Improvements have been completed and accepted by either the City or the County, as applicable. The Developer began construction of the Improvement Area #3 Improvements benefitting Improvement Area #3 in July of 2021. All of the Improvement Area #3 Improvements have been completed and substantially accepted by either the City or the County, as applicable. The Developer has begun the entitlement process for construction of the Improvement Area #4 Improvements, which is expected to include approximately 219 single-family lots. The entitlements are scheduled to be completed in the third quarter of 2025 with lot construction taking place immediately thereafter. The Developer currently anticipates that the development of the Future Improvement Area will continue through 2031.



The Developer anticipates that Future Improvements will be financed by debt, equity and Phased PID Bonds expected to be issued by the City and secured by additional assessments levied and collected in connection therewith. The Developer anticipates that Phased PID Bonds will need to be issued over a 10-year period, which commenced with the City’s issuance of the Improvement Area #1 Bonds. The total cost of the Future Improvements is forecasted to be approximately \$170 million.

Improvement Area #1 includes approximately 80 acres, which consists of 237 single-family residential units. Improvement Area #2 includes approximately 54 acres and consists of 267 single-family residential units. Improvement Area #3 includes approximately 112 acres and consists of 363 single family residential units. The Developer currently anticipates that Improvement Area #4 will include approximately 53.5 acres and consist of approximately 219 single family residential units. The Developer anticipates that all Improvement Areas will consist of 7,500 single-family and multifamily housing units along with mixed-use and commercial development. Of the 5,000 anticipated single-family residential units, the Developer expects to include seven different product types: 20’ Lots, which will consist of detached single-family units, 25’ Lots, which will consist of attached single-family units, 35’ Lots, 40’ Lots, 50’ Lots and 60’ Lots, and 70’ Lots, all of which will consist of detached single-family units.

The actual and estimated number of single-family residential units within Improvement Area #1, Improvement Area #2, Improvement Area #3, Improvement Area #4 and the remaining Future Improvement Area by Lot Type is shown in the following table.

**Actual and Expected Single-Family Residential Units Within the District**

Product Type	Improvement Area #1	Improvement Area #2	Improvement Area #3	Improvement Area #4 <sup>(3)</sup>	Future Improvement Area <sup>(3)(4)</sup>	Total number of Lots
20’	-	-	-	-	1,621	1,639
25’	27	44	-	-	300	371
35’	12	87	82	-	506	687
40’	-	-	113	-	342	455
50’	100	136 <sup>(2)</sup>	168	-	743	1,147
60’	98 <sup>(1)</sup>	-	-	145	456	699
70’	-	-	-	74	-	74
<b>Total</b>	<b>237</b>	<b>267</b>	<b>363</b>	<b>219</b>	<b>3,986</b>	<b>5,054</b>

<sup>(1)</sup> Of the 98 50’ lots in Improvement Area #1, eight are reserved for model homes.

<sup>(2)</sup> Of the 136 50’ lots in Improvement Area #2, six are reserved for model homes.

<sup>(3)</sup> Expected single-family residential units provided by the Developer, are based on the Developer’s current expectations and are subject to change.

<sup>(4)</sup> For purposes of this table, the Future Improvement Area does not include Improvement Area #4.

The previously completed build-out of the single-family lots within Improvement Area #1, Improvement Area #2 and Improvement Area #3 of the District and the Developer’s current expectations regarding the build-out of the single-family lots within Improvement Area #4 of the District and sale of single-family lots to homebuilders therein are shown in the following table.

**Actual and Expected Build-Out Schedule of Single-Family Units within Improvement Area #1, Improvement Area #2, Improvement Area #3 and Improvement Area #4**

Improvement Area	Single Family Units <sup>(1)</sup>	Actual/Expected Local Infrastructure Completion Date	Actual/Expected Initial Sale Date of Single-family Lots to Homebuilders <sup>(2)</sup>	Actual/Expected Final Sale Date of Single-family Lots to Homebuilders <sup>(2)</sup>
1	237	May 2016	August 2016	February 2022
2	267	July 2020	July 2020	June 2022
3	363	July 2022	October 2022	December 2025
4 <sup>(3)</sup>	219	September 2026	September 2026	September 2028
<b>Total</b>	<b>1,086</b>			

<sup>(1)</sup> Numbers include model homes.

<sup>(2)</sup> Expected initial and final sale dates provided by the Developer.

<sup>(3)</sup> Information has been provided by the Developer from preliminary concept plans filed with the City.

**Development in Improvement Area #1**

Improvement Area #1 includes 237 single-family residential units and no multifamily housing or retail and commercial sites. Improvement Area #1 also includes the Discovery Center and approximately 26 acres of open space and parkland. The Developer has completed all of Master Improvement Area Improvements necessary to serve Improvement Area #1 and the Improvement Area #1 Improvements. Upon completion of such improvements, the IA #1 Homebuilders began to take down their respective lots and commenced home construction. As of August 1, 2024, the IA #1 Homebuilders have closed on all homes within Improvement Area #1 to third-party homeowners.

The single-family residential lot and home prices in Improvement Area #1, were as follows:

**Single-family Lot and Home Prices in Improvement Area #1<sup>(1)</sup>**

Product Type	Quantity	Base Lot Price	Average Home Price
25'	27	\$30,000	\$272,000
35'	12	\$39,000	\$233,000
50'	100	\$47,500	\$315,000
60'	98	\$57,000	\$380,000
<b>Total</b>	<b>237</b>		

<sup>(1)</sup> Information provided by the Developer.

**Development in Improvement Area #2**

Improvement Area #2 includes 267 single-family residential units and no multifamily housing or retail and commercial sites. Improvement Area #2 also includes approximately 8.7 acres of community gardens and trails and private open space. All of the Master Improvement Area Improvements necessary to serve Improvement Area #2 and the Improvement Area #2 Improvements have been completed. Upon completion of such improvements, the IA #2 Homebuilders began to take down their respective lots and commenced home construction. As of August 1, 2024, the IA #2 Homebuilders have closed on 241 homes within Improvement Area #2 to third-party homeowners.

The single-family residential lot and home prices in Improvement Area #2, were as follows:

**Single-family Lot and Home Prices in Improvement Area #2**

Product Type	Quantity	Base Lot Price <sup>(1)</sup>	Average Base Home Price <sup>(2)</sup>
25'	44	\$37,500	\$329,000
35'	87	\$48,500	\$327,000
50'	136	\$59,500	\$486,500
<b>Total</b>	<b>267</b>		

<sup>(1)</sup> Base lot prices derived from Improvement Area #2 Lot Purchase Agreements.

<sup>(2)</sup> Average base home prices provided by the Developer.

**Development in Improvement Area #3**

Improvement Area #3 includes 363 single-family residential units and no multifamily housing, retail or commercial sites. Improvement Area #3 also includes approximately 48 acres of community trails, passive amenities and private open space. All of Master Improvement Area Improvements necessary to serve Improvement Area #3 and the Improvement Area #3 Improvements have been completed. Upon completion of the Improvement Area #3 Improvements, the homebuilders within Improvement Area #3 began taking down lots, pursuant to the Improvement Area #3 Lot Purchase Agreements.

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Homebuilder Lot Purchase Agreements within Improvement Area #3. The Developer has executed lot purchase and sale agreements for 363 single-family lots within Improvement Area #3 with the IA #3 Homebuilders for the following lot types:

<b>Homebuilder Lot Purchase and Sale Agreements<sup>(1)</sup></b>				
<b>Homebuilder</b>	<b>35' Lot</b>	<b>40' Lot</b>	<b>50' Lot</b>	<b>Total</b>
Pacesetter	82	30	-	112
LGI	-	30	40	70
GFO	-	-	60	60
Aha Dream	-	-	32	32
Nexstep	-	25	23	48
Richmond American	-	-	13	13
Instabuilt	-	28	-	28
<b>Total Under Contract</b>	<b>82</b>	<b>113</b>	<b>168</b>	<b>363</b>

<sup>(1)</sup> Lot totals include lots reserved for model homes.

The following table provides the number of lots which the foregoing builders have taken down pursuant to the Improvement Area #3 Lot Purchase Agreements, including the number of homes constructed and closed to third party homeowners as of October 1, 2024.

<b>Improvement Area #3 Homebuilder Lot Contract and Home Construction</b>				
<b>Homebuilder</b>	<b>Lots Contracted</b>	<b>Lots Closed</b>	<b>Homes Constructed</b>	<b>Homes Sold to 3<sup>rd</sup> Party Homeowners</b>
Pacesetter	112	48	2	2
Aha Dream	32	9	5	3
GFO	60	47	19	17
LGI	70	54	21	3
Nexstep	48	13	9	6
Instabuilt	28	2	0	0
Richmond American	13	13	0	0
<b>Total</b>	<b>363</b>	<b>186</b>	<b>56</b>	<b>31</b>

The single-family residential contracted base lot prices and anticipated average base home prices in Improvement Area #3, are as follows:

<b>Single-family Lot and Home Prices in Improvement Area #3</b>			
<b>Lot Size</b>	<b>Quantity</b>	<b>Base Lot Price<sup>(1)</sup></b>	<b>Average Base Home Price<sup>(2)</sup></b>
35'	82	\$54,500	\$362,000
40'	113	\$59,000	\$373,000
50'	168	\$68,800	\$535,500
<b>Total</b>	<b>363</b>		

<sup>(1)</sup> Base lot prices derived from Improvement Area #3 Lot Purchase Agreements.

<sup>(2)</sup> Average base home prices provided by the Developer.

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*Schedule of Expected Lot and Home Sales within Improvement Area #3.* The actual and anticipated schedule for sale of single-family lots to the IA #3 Homebuilders within Improvement Area #3 by Lot Type, pursuant to the Improvement Area #3 Lot Purchase Agreements, is shown in the following table.

**Actual and Expected Sale of Single-Family Lots to Homebuilders  
by Lot Type in Improvement Area #3<sup>(1)</sup>**

Year	35' Lot	40' Lot	50' Lot	Total
2022	8	13	28	49
2023	25	15	31	71
2024	0	32	61	93
2025	49	53	48	150
<b>Total</b>	<b>82</b>	<b>113</b>	<b>168</b>	<b>363</b>

<sup>(1)</sup> Numbers include 2 model homes.

The actual and anticipated schedule for sale of single-family homes to residents within Improvement Area #3 by Lot Type is shown in the following table.

**Actual and Expected Sale of Single-Family Homes to Residents  
by Lot Type in Improvement Area #3<sup>(1)</sup>**

Year	35' Lot	40' Lot	50' Lot	Total
2023	0	1	16	17
2024	0	4	26	30
2025	20	20	40	80
2026	20	30	50	100
2027	42	58	36	136
<b>Total</b>	<b>82</b>	<b>113</b>	<b>168</b>	<b>363</b>

<sup>(1)</sup> Numbers include 2 model homes.

The following table shows the status of lot and home construction within Improvement Area #3, as of October 1, 2024.

**Status of Single-family Lot and Home Construction in Improvement Area #3<sup>(1)</sup>**

Lot Size	<u>Construction Status</u>				<u>Status of Home Sales</u>			
	# of Vacant Developed Lots	Lots with Homes Under Construction	Lots with Completed Homes <sup>(1)</sup>	Total No. of Lots	Completed Homes Not Closed or Under Contract with Residents <sup>(1)</sup>	Homes Under Contract with Residents <sup>(2)</sup>	Completed Homes Closed to Residents	Totals
35'	79	0	3	82	2	1	0	3
40'	104	0	9	113	5	0	4	9
50'	105	19	44	168	14	15 <sup>(3)</sup>	27	56
<b>Total</b>	<b>288</b>	<b>19</b>	<b>56</b>	<b>363</b>	<b>21</b>	<b>16</b>	<b>31</b>	<b>68</b>

<sup>(1)</sup> Includes 2 model homes.

<sup>(2)</sup> Homes under contract with homeowners include lots with homes that are still under construction.

<sup>(3)</sup> Twelve 50' lots are under contract with residents but are not completed.

The following table shows the average sales home sale prices in Improvement Area #3, as of October 1, 2024:

Lot Type	Quantity <sup>(1)</sup>	Average Home Sale Price <sup>(2)</sup>
Lot Type 3 (35')	1	\$372,900
Lot Type 4 (40')	4	\$420,500
Lot Type 5 (50')	42	\$575,806
<b>Total</b>	<b>47</b>	

<sup>(1)</sup> As of October 1, 2024. Includes homes closed and under contract.

<sup>(2)</sup> Average sale prices include homes closed and homes under contract.

### **Development in Improvement Area #4**

Improvement Area #4 is expected to include 219 single-family residential units and no multifamily housing, retail, or commercial sites. Improvement Area #4 is expected to include approximately 9 acres of community trails, passive amenities and private open space. The Developer has completed construction of the Master Improvement Area Improvements necessary to serve Improvement Area #4. The Developer expects to commence construction of the Improvement Area #4 Improvements in the third quarter of 2025. Upon completion of the Improvement Area #4 Improvements, the homebuilders within Improvement Area #4 will begin to take down lots.

### **Commercial and Multifamily Development**

The Developer expects that the Development will include approximately 2,500 multifamily units, 68 acres of commercial development, and 55 acres of mixed-use development. As of October 1, 2024, the Developer has sold two parcels for multifamily development and one for commercial build to rent within the Future Improvement Area, which are all within the planning and permitting phase.

### **Photographs of the Development**

The photograph below depicts development within Improvement Area #1, Improvement Area #2 and Improvement Area #3 of the District as of September 26, 2024, with Braker Lane running left to right along the middle of the photograph, and TX-130 running left to right in the top right portion of the photograph.



Additional photographs of the development are provided in Appendix I – Photographs of the Development.

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## **The Financing Agreement**

The Developer and the City entered into the Whisper Valley Public Improvement District Financing Agreement, dated as of November 1, 2011 (as amended on March 28, 2019, and July 30, 2022, the “Financing Agreement”). Pursuant to the Financing Agreement, the Developer has the right to construct public improvements for the District including the Improvement Area #3 Improvements, according to certain rules and regulations of the City, and to be paid by the City for a portion of the costs of such construction through assessments and/or the proceeds of bonds. The Financing Agreement provides in part the procedures for the disbursement of funds from the applicable Funds under the Indenture for the payment of costs already expended on the Improvement Area #3 Improvements. The Financing Agreement provides that the Developer may assign such Financing Agreement to any party so long as the assignee has demonstrated to the City’s satisfaction that the assignee has the financial, technical, and managerial capacity, the experience, and expertise to perform any duties or obligations so assigned and so long as the assigned rights and obligations are assumed without modification to the Financing Agreement. See “APPENDIX G — Financing Agreement.”

## **The Reimbursement Agreement**

The City and the Developer entered into the Whisper Valley Public Improvement District Improvement Area #3 Reimbursement Agreement effective as of July 20, 2023, which provides, in part, for the deposit of revenues from the Assessments. Pursuant to the Reimbursement Agreement, the City agrees to pay the Developer for a portion of costs of the Improvement Area #3 Improvements from the Assessments prior to the issuance of the Bonds. After the issuance of the Bonds, the costs of the Improvement Area #3 Improvements will be paid with Bond proceeds, and any balance remaining after the issuance of the Bonds will be extinguished and shall no longer be payable. The City’s obligations under the Reimbursement Agreement are payable solely from Assessments and are not a debt or other obligation of the City payable from any other City revenues, taxes, income or property. See “THE IMPROVEMENT AREA #3 IMPROVEMENTS.”

## **Zoning/Permitting**

Pursuant to the Development Agreement, the Developer secured PUD zoning. The PUD zoning was accomplished in the fall of 2010 and allows flexibility for each phase of the Development to be developed in a manner to meet market demand at the time of development of such phase, including a mixture of residential, mixed-use, commercial, industrial and open space uses within the Development in conformity with the limitations and conditions set forth in the Creation Resolution. In addition, the PUD zoning provides for tailored design regulations within the Development and special waivers from standard City Code requirements.

## **Education**

The Development is located in Del Valle ISD. Del Valle ISD operates two specialty campuses, nine elementary schools, three middle schools and three high schools. Joseph Gilbert Elementary School, which is approximately 3 miles from the District, Dailey Middle School, which is approximately 4 miles from the District, and Del Valle High School, which is approximately 7 miles from the District, are expected to serve residents in the District.

Joseph Gilbert Elementary School is rated as 4/10 by GreatSchools.org, with a student progress rating of 5/10 (“average”), a test scores rating of 3/10 (“below average”), and an equity rating of 5/10 (“average”). Dailey Middle School is rated as 2/10 by GreatSchools.org, with a student progress rating of 3/10 (“below average”), a test scores rating of 2/10 (“below average”), and an equity rating of 2/10 (“below average”). Del Valle High School is rated as 3/10 by GreatSchools.org, with a student progress rating of 3/10 (“below average”), a test scores rating of 2/10 (“below average”), a college readiness rating of 4/10 (“below average”), and an equity rating of 3/10 (“below average”). According to the Texas Education Agency 2021-2022 annual school report cards, both Del Valle ISD and Joseph Gilbert Elementary School were rated as “B” and Del Valle High School and Dailey Middle School were rated as “C.” (The categories for public school districts and public schools are A, B, C, D or F.)

The land plan for the Development reserves two sites on which Del Valle ISD may build two school campuses (either elementary, middle school or high school). Del Valle ISD will acquire school sites and build facilities through local bond elections. As the development of the residential portion of the Development takes place, the Developer will work closely with Del Valle ISD to make the school sites available. Del Valle ISD passed a \$300 million bond election

in May 2022. Del Valle ISD school officials have said that \$225 million of bonds issued will be allocated to a high school. Del Valle closed on 2 school sites in December 2022 totaling about 140 acres. They started construction on the high school site that sits on about 80 acres the end of 2023. The school is projected to open mid-2026.

In addition to the possible Del Valle ISD school sites, the Developer is researching the possibility of bringing a charter school into the community. To date nothing has been decided.

### **Community Amenities**

*Parks and Trails.* The primary theme of the Development will revolve around the park system. There will be approximately 700 acres of community park land. The primary park (the “Whisper Valley Ranch Park”), which is being developed on a phase-by-phase basis beginning in 2023, will include approximately 600 acres and will be one of the largest public parks in the Austin area. Gilleland Creek is a natural amenity that runs through the park. An additional 100 acres of neighborhood parks and pedestrian trails will support the Whisper Valley Ranch Park.

Additionally, residents of the Development will also have access to the Northeast Metropolitan Park, a County park, which adjoins the Development on its northeast side. This facility includes 240 acres with activity fields, swim club, picnic pavilions and numerous bike and pedestrian trails.

*Parks Agreement.* The Developer entered into an Amended and Restated Whisper Valley Master Parkland Agreement with the City (the “Parks Agreement”), effective as of December 1, 2023, whereby the Developer will construct and dedicate the Whisper Valley Ranch Park to the City and prior to the City’s full purpose annexation of the Whisper Valley Ranch Park, first the Developer and then, at Developer’s election the Owners’ Association, will maintain the park. It is intended that the Whisper Valley Ranch Park will contain both programmed and non-programmed areas.

Examples of “Park Improvements” that may be constructed within the programmed areas of the Whisper Valley Ranch Park on a phase-by-phase basis include pedestrian trails/path/bridges, sports fields, community swimming pools and related facilities, playgrounds, community centers and other recreational amenities, signs, trash receptacles, landscaping, and irrigation systems.

The Developer is required to construct all the Park Improvements that are part of the Park Improvement Master Plan and further depicted on the Park Improvement Phasing Plan in accordance with the Parks Improvement Schedule and Park Improvement Budget, each as defined, described and set forth in the Parks Agreement, subject to funds being available in the Escrow Account (as defined below). In connection with the City’s issuance of the Bonds and future issuance of Phased PID Bonds, pursuant to the Parks Agreement, the Developer agrees to make a developer contribution in an amount sufficient to construct the Park Improvements (an “Escrow Deposit”) with U.S. Bank, National Association, as escrow agent (“Escrow Agent”), under an escrow agreement among the Developer and the Escrow Agent (which the City has acknowledged), according to an irrevocable letter of instruction (“Instruction Letter”) provided to the trustee as designated in the indenture related to the Bonds or the Phased PID Bonds, as applicable. The Escrow Deposits held by Escrow Agent in the various segregated subaccounts will be reimbursed to the Developer by the Escrow Agent to fund the costs of the design phase and construction phases pursuant to a completed draw request, as provided in the Parks Agreement.

The Developer expects to begin working on the Park Improvements in 2026 with completion of such construction in 2031, in accordance with the Parks Improvement Schedule. The Developer expects the total costs of the Park Improvements to be approximately \$8,250,000.

*Improvement Area #2 and Improvement Area #3 Amenities.* Improvement Area #2 also includes approximately 8.7 acres of community gardens and trails, and private open space, which are not part of the Park Improvements. Improvement Area #3 also includes approximately 48 acres of community trails, passive amenities, and private open space, which are not part of the Park Improvements. The community trails are constructed in the open space surrounding Improvement Area #3. The trails are constructed using a combination of concrete and crushed aggregate rock paths, and they connect Improvement Area #3 to the overall trails system in Improvement Area #1 and Improvement Area #2.

*Discovery Center.* The Development includes a 5,000 square foot facility, known as the “Discovery Center,” which consists of a marketing center, geothermal heated pool, fitness center, creative play areas, conference room, Bosh/Rehau Geothermal presentation areas, Bosch Appliance show kitchen, Google Nest Smart Home center and electric vehicle stations. The Discovery Center is located in the southeast corner of Improvement Area #2 of the District and is currently owned and operated by the Developer. The Developer anticipates that the Discovery Center will be dedicated to and accepted by the Owners’ Association within the next four to five years. The Owners’ Association will provide for the ongoing operation, maintenance and repair of the Discovery Center through the administration of an Owners’ Association Fee to be paid by each single-family residential and multifamily residential lot owner within the District. The Discovery Center opened in September of 2017 and is available for use by all single-family and multifamily unit residents. The Developer spent approximately \$4,000,000 on the construction of the Discovery Center, which was financed through internal corporate funding. The photographs below show the amenities offered at the Discovery Center.



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## **Environmental**

*Site Evaluation.* Several environmental studies of the Development have been prepared, including a Phase 1 Environmental Site Assessment and City of Austin Environmental Assessment (together, the “Phase 1 – ESA”) and a United States Army Corps of Engineers – Wetland and Jurisdictional Assessment. The Development, as planned, provides for a superior environmental project by providing enhanced water quality facilities, preserving the headwaters of several tributaries and preserving open space.

Based on the information as presented in the Phase 1 – ESA there is no evidence that the Development or adjacent properties are currently under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review identified eleven critical environmental features, including nine stock ponds with wetland vegetation and two emergent wetlands. The Developer has accounted for standard setbacks in the wetland areas, which conform to the guidelines of the City.

*Endangered Species.* According to the website for the Texas Parks & Wildlife, the following endangered species are known or believed to occur in Travis County: Barton Springs salamander, Jollyville Plateau salamander, Austin Blind Salamander, white-faced ibis, wood stork, swallow-tailed kite, black rail, whooping crane, piping plover, golden-cheeked warbler, Texas horned lizard, Tooth Cave ground beetle, Kretschmarr Cave mold beetle, Tooth Cave spider, Reddell harvestman, Bone Cave harvestman and Tooth Cave pseudoscorpion. The Developer is not aware of any endangered species located on District property.

## **Mineral Rights**

There are certain mineral rights reservations of prior owners of real property within the District, including within Improvement Area #3 (the “Mineral Owners”), pursuant to one or more deeds in the chain of title for the property in the District. The reservations of mineral rights include a waiver (the “Surface Waiver”) by the Mineral Owners of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. However, the Mineral Owners have reserved the right to establish no more than two four-acre drill sites for the production and exploration of oil, gas and other minerals within the area of the District designated the “Drill Site Zone.” The Drill Site Zone consists of the property within the District, save and except Improvement Area #1, Improvement Area #2 and 8 acres within the Future Improvement Area, as further described in the Surface Waiver. The Mineral Owners have not yet designated any drill sites within the Drill Site Zone; however, it is anticipated that the two drill sites will be located east of Taylor Lane and have no impact on Improvement Areas 1, 2 or 3.

While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights, including within the portions of Improvement Area #3 and the Future Improvement Area located in the Drill Site Zone. The Developer is not aware of any real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Mineral Rights.”

## **Geotechnical Exploration**

A Geotechnical Data Report (the “Geotech”) was prepared for the Improvement Area #3 Improvements by Raba Kistner, dated October 2, 2019. The Geotech made recommendations for subgrade and foundation soil preparation and pavement thickness. The Developer followed all such recommendations.

## **Utilities**

*Water and Wastewater.* The City will provide both water and wastewater service to the Development. Pursuant to certain cost reimbursement agreements with the City, the Developer was required to construct certain facilities within the District necessary for the City to provide water and wastewater service, a portion of which facilities

are Master Improvement Area Improvements. The Developer has completed the portion of such facilities that constitute Master Improvement Area Improvements. The City currently has sufficient capacity to provide water and wastewater service to Improvement Area #3.

Other Utilities. The Development offers multiple sustainable and energy-saving options for its residents, including Ecosmart technology. Ecosmart is an integrated technology package engineered to provide a clean and zero-energy capable solution to entire communities like the Development. Each single-family residential home in Improvement Area #3 will be equipped with Ecosmart technology, which includes a geothermal heating and cooling system, and may also include photovoltaic solar panels, and smart home technology. The geothermal heating and cooling system uses thermal properties of the earth beneath the home to heat and cool each home. Upon installation, each single-family residential owner will be responsible for the payment of an Ecosmart Product Package and the monthly Geothermal Service Assessment. The Geothermal Service Assessment was set at \$60 per month in 2017 and adjustments, if any, to the Geothermal Service Assessment are reviewed annually on January 1 of each year based on changes in the consumer price index. The total amount of such Geothermal Service Assessment for 2024 ranges from \$55 to \$75 per month. Also, each lot within Improvement Area #2, Improvement Area #3 and the Future Improvement Area will be pre-wired electric charging stations that are compatible with the ESS system.

In addition to the Ecosmart technology, the Developer anticipates additional utilities to be provided by the following entities:

Gas <sup>(1)</sup>	Texas Gas Service
Phone/Data	AT&T
Electric	Austin Energy & Bluebonnet Electric Cooperative
Cable	Google Fiber

<sup>(1)</sup> Texas Gas Service is the supplier of gas to the land within the Development; however, the Developer does not anticipate that gas will be used in the Development due to the self-supporting nature of the Ecosmart technology.

## HOA Assessments

The Developer anticipates that each property owner of an Assessed Parcel in Improvement Area #3 of the District will pay both an annual General Owners' Association Fee and an annual Additional Owners' Association Fee to the Owners' Association related to the operation and maintenance of improvements or amenities within the District or specific to the property owner's lot. All Owners' Association Fees will be calculated annually based on the estimated expenses to be incurred by the Owners' Association in performing its functions to, among other things, maintain, repair and manage the improvements or amenities covered by the respective Owners' Association Fee. The total amount of such Owners' Association Fees for property owners of an Assessed Parcel within Improvement Area #3 are expected to be approximately \$75 per month.

## Awards

The Development and EcoSmart Solution LLC, a subsidiary of Taurus Investment Holdings, LLC (described below) that designs, builds and operates the Ecosmart technology within the Development have received numerous awards relating to the marketing of and sustainable building practices within the Development, including the following:

- 2017 Community of the Year – Green Home Builder
- 2018 Best Sales Welcome Center Silver Award – National Association of Home Builders, The Nationals
- 2018 Best New Community – Home Builders Association Greater Austin, MAX Awards
- 2018 Best Print Ad – Home Builders Association Greater Austin, MAX Awards
- 2018 Best Overall Ad Campaign – Home Builders Association Greater Austin, MAX Awards
- 2018 Best Innovative Energy Design Merit Award – PCBC, Gold Nugget Awards
- 2019 Best Social Media Marketing Program – Texas Association of Builders, Texas Star Awards
- 2019 Overall Winner – Green Home Builder, Sustainable Innovation Awards
- 2019 Best Sustainable Project – Green Home Builder, Sustainable Innovation Awards
- 2021 Master-Planned Community of the Year – Homebuilders Association of Greater Austin
- 2021 Project of the Year – Austin Green Awards

- 2021 Best Master-Planned Community – Austin Business Journal Real Estate Awards
- 2021 and 2022 – Green Community of the Year – Austin Green Build Awards
- Best Master Planned Community of 2022 – Austin Builders Association and Austin Business Journal

## **THE DEVELOPER**

*The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.*

### **General**

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the primary tax and assessment payer within a district during its development.

### **Taurus Investment Holdings, LLC — History and Deal Structure**

For over 40 years, Taurus Investment Holdings, LLC ("TIH"), an affiliate of the Developer, has been sourcing real estate investments and developments on a global scale. The company has developed a successful "Club Deal" investment template based upon a three-part strategy.

1. Develop a network of high net worth individuals that are knowledgeable investors. The network includes several hundred German investors, U.S. investors, and additional investors from various other parts of the world such as Israel and South America. Many of these investors have been involved in the TIH real estate program for decades.
2. Apply expert deal underwriting standards supervised by the key TIH partners: Peter Merrigan ( CEO) and Erik Rijnbout (President). Each Club Deal receives critical underwriting by this group in conjunction with input from the sourcing local partner (such as the Developer). Once an acquisition decision has been made, the senior partners present the Club Deal opportunity to the network of high-net-worth investors to fund capital into the deals. The acquisitions are generally structured into single asset Limited Partnerships and Limited Liability Companies. Senior management partners and local partners provide the General Partnership function, and investors provide capital as Limited Partners. Each individual limited partner's risk is limited to the funds they invest. In most cases, the land acquisitions are made with cash investments. In those cases, no bank financing is used which reduces the risk of holding the land during the project development. (This is the case with Whisper Valley.) Additional funds are typically raised to obtain entitlements, market research, and preliminary engineering. (This is also the case with Whisper Valley.) Once the projects have begun, management is conducted by the local partners, and an extensive reporting system is provided to the investors. Reports are supervised by the senior management team. When development of infrastructure and improvements begins, funds often are borrowed from banks. (This is the case with the Development). These funds are repaid from revenues that are generated from the sale of lots, or land as it is developed. See "THE DEVELOPER — History and Financing of the Development."
3. Day-to-day management of the projects is conducted by local partners. Local partners are experienced development partners who are knowledgeable about local conditions surrounding the specific projects. Local partners are located in several US offices, Canada, South America and Europe. These management members work through the acquisition, entitlement, development, property management and sales of the Club Deals until the project is fully liquidated. They provide frequent reports to the senior management team and investors.

Currently, over \$10 billion dollars in asset value are managed in the TIH network. TIH has purchased and sold over 70 million square feet of office, residential, industrial, retail, hotel and other commercial real estate assets. Over the past 40 years, TIH has successfully acquired, managed, developed over 250 real estate investments. It has managed through many real estate cycles both good and bad. When markets have declined, and investors have been asked to make additional capital calls to cover the costs of operation, they have responded. During the most recent recession, they have been asked to make a number of capital calls and have remained very supportive. Within the TIH operation, they have remained supportive in all of the programs without exception.

There are 10 Club Deals that are or have been managed by Taurus of Texas Holdings, L.P. a Texas limited partnership (“TOT”), an affiliate of TIH and the parent company of the Developer. See “THE DEVELOPER — Projects by TOT and Douglas Gilliland.” In all of these ventures, the limited partners have performed as requested. In the Whisper Valley Club Deal partnership, there are approximately 50 Limited Partners, some of which have a net worth of over a billion dollars. These limited partners have invested combined almost \$60 million in the development of the Whisper Valley project to date. They have steadfastly provided capital calls when requested. See “THE DEVELOPER — History and Financing of the Development.”

### **Senior Management Biography of TIH**

Peter Merrigan. As CEO of TIH, Peter Merrigan oversees the daily operations of TIH worldwide. Peter has negotiated, structured and closed more than \$10 billion worth of complex real estate transactions, spanning over 30 years in numerous U.S. states and 7 countries. Peter is the CEO of TIH. Among other board positions, Peter is the former Chairman of the Alumni Association of the MIT Center for Real Estate. His formal education includes a BA from the College of the Holy Cross and an MS from Massachusetts Institute of Technology.

### **Local Partner Biography of TOT**

Douglas Gilliland. As President of CD 120 GP, LLC, a Delaware limited liability company (“CD 120”), the General Partner of the Developer, Douglas Gilliland is responsible for deal sourcing, permitting, development, disposition and financing of high quality residential and commercial communities. Douglas brings over approximately 45 years of development and marketing experience and has been involved in a number of large and distinctive residential and mixed-use land developments in Texas, Colorado, and Kansas. See “THE DEVELOPER — Projects by TOT and Douglas Gilliland.” He is a past President of the Texas Association of Builders, Greater Fort Worth Home Builder Association, and a former National Vice President of the National Association of Home Builders. He also is a former Director of the Greater Dallas Builder’s Association. In 2005 he received the Herman J. Smith Legend Award from the Greater Fort Worth Home Builder Association. His education includes one year at Southern Methodist University in Dallas, and a BS degree from the University of Missouri at Kansas City. Douglas also holds a real estate broker’s license for the State.

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**Projects by TOT and Douglas Gilliland**

A snapshot of some of the communities TOT has developed or is currently developing is presented below.

<u>Taurus of Texas Holdings, L.P. Projects</u>						
<u>Project Name</u>	<u>Project Location</u>	<u>Project Status</u>	<u>Percent Complete</u>	<u>Total Project Budget</u>	<u>Anticipated/Actual Completion Date</u>	<u>Project Description</u>
Indian Hills	Austin, TX	In Progress	60%	\$42,000,000	2025	239 Acre Multifamily/ Industrial
Twin Mills Farms	Fort Worth, TX	Complete	100%	\$28,000,000	2019	950 Residential Lots
Garden Heights	Mansfield, TX	Complete	100%	\$22,275,000	2014	450 Residential Lots
Garden Town Center	Dalworthington Gardens, TX	In Progress	85%	\$2,337,340	2024	Commercial Mixed Use
TIG Town Center Hotel, LP	Keller, TX	Complete	100%	\$18,000,000	2020	Hotel

A snapshot of some of the communities local partner, Douglas Gilliland, has developed prior to joining TOT is presented below.

Sampling of Projects by Douglas Gilliland Prior to Joining Taurus of Texas Holdings, L.P.

<u>Name of Project</u>	<u>Type of Community</u>	<u>Number of Lots</u>	<u>Price Point (\$000)</u>	<u>Approximate Year Started</u>	<u>Disposition</u>
Quail Valley Estates	Single-family Residential	240	\$150-275	1986	Sold all lots to 10-15 Custom Builders
Spring Lake Estates	Single-family Residential	600	\$100-300	1995	Sold all lots to Merchant Builders
Ashwood Park	Single-family Residential	143	\$90-150	2004	Sold lots to Custom Builders and Investors
The Commons	Single-family Residential	220	\$150-250	2000	Sold all lots to Custom and Merchant Builders
Willow Creek	Single-family Residential	225	\$150-250	1998	Sold all lots to Custom and Merchant Builders
The Manors of Waterford	Single-family Residential	64	\$900-2,200	2001	Sold all Lots to Custom Builders
Wyndham Village	Mixed Use Patio Homes	60	\$175-250	1996	Sold all Lots to Custom Builders
Carriage Gate	Single-family Residential	300	\$120-225	1991	Sold Office Bldg Lots to Commercial Builders
Williamsburg Estates	Single-family Residential	90	\$225-400	1989	Sold all lots to Custom Builders
Keller Town Center	Mixed Use	130 acres	N/A	2000	Commercial/Multifamily/Office/ Patio Homes/ Municipal Uses

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## History and Financing of the Development

Whisper Valley. The Developer purchased the property within the Development for a purchase price of approximately \$28,550,000. The Developer's acquisition was made on a cash basis through investor funding, and no third-party financing was used to acquire the property.

The land within the District outside of Improvement Area #1, Improvement Area #2 and Improvement Area #3 is encumbered by a first lien deed of trust securing a loan provided by private investors who also hold an equity interest in the project. The loan balance, as of October 1, 2024, was \$16,741,954.39 and is accruing interest at a rate of 12.5% per year. The loan has been extended and matures on August 31, 2024.

Improvement Area #1. In order to finance its development activities within the Development, including within Improvement Area #1, on June 14, 2018, the Developer entered into a loan (the "IA #1 Development Loan") for \$3,650,000 with PlainsCapital Bank. The IA #1 Development Loan has been paid off.

Improvement Area #2. In March of 2019, the Developer transferred the undeveloped lots within Improvement Area #2 to the IA #2 Developer Affiliate for loan financing purposes. The IA #2 Developer Affiliate was responsible for the construction of the Improvement Area #2 Improvements on behalf of the Developer; however, pursuant to the Reimbursement Agreement, the Developer will be reimbursed for the costs to complete the Improvement Area #2 Improvements. In order to finance its development activities within the Development, including within Improvement Area #2, on March 20, 2019, the IA #2 Developer Affiliate entered into a loan (the "IA #2 Development Loan") for \$8,787,000 with Flagstar Bank (the "Flagstar Bank"). The IA #2 Development Loan has been paid off.

Improvement Area #3. In order to finance its development activities within the Development, including within Improvement Area #3, on July 8, 2021, the Developer entered into a loan (the "Development Loan") for \$19,279,000 with Flagstar Bank. The Developer refinanced the loan for Improvement Area #3 on July 11, 2024 with Trez Capital and the loan balance as of October 1, 2024 was \$9,090,685.27.

## THE SPECIAL ASSESSMENT CONSULTANT

*The following information has been provided by the DPF, as the Special Assessment Consultant. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.*

In its role as "Special Assessment Consultant" to the Developer, Development Planning & Financing Group, Inc. ("DPFG") ([www.dpfg.com](http://www.dpfg.com)) was primarily responsible for drafting, on behalf of the City, the Original Service and Assessment Plan, including any annual updates, supplements and amendments thereto prior to 2018, and assisting in the preparation of the 2018 Addendum to the Service and Assessment Plan, the 2020 Service and Assessment Plan, and the 2023 Service and Assessment Plan. DPF is a national real estate consulting firm with nine offices in six states (California, Colorado, Nevada, Texas, Florida and North Carolina). Since its inception in 1991, it has focused on providing real estate and financial consulting services principally to residential and commercial real estate developers as well as lenders, public agencies and other institutional investors. A key emphasis is identifying the lowest cost and the lowest risk manner of financing and funding public improvements and infrastructure such as roadways, utilities, etc., as well as the vertical improvements of a project.

To accomplish this, DPF typically provides, among others, the following services:

- Preparation of financial analyses and projections;
- Preparation of financial feasibility studies, including compliance analyses with debt covenants;
- Identification of available and applicable public/private financing alternatives;
- Preparation of fiscal and economic impact studies;
- Negotiation of development agreements;
- Evaluation of development impact fee arrangements;
- Tracking of reimbursable development costs; and
- Structuring of reimbursement agreements.

The financing programs that are involved usually include some type of public financing and/or public/private partnerships. These have included land secured financings such as public improvement districts (PIDs), municipal utility districts (MUDs), tax increment reinvestment zones (TIRZs), community facility districts (CFDs), as well as general obligation, revenue and assessment bonds. The firm has been involved in the formation, structuring, feasibility analysis and issuance of more than \$16.0 billion of bonds for more than 2,500 special taxing districts (or their equivalents) since 1991.

### **THE ADMINISTRATOR**

*The following information has been provided by the Administrator. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information.*

The City has selected P3Works, LLC as the initial "Administrator." The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. P3Works, LLC prepared the 2018 Service and Assessment Plan, including any updates thereto, the 2020 Service and Assessment Plan, including any updates thereto, the 2023 Service and Assessment Plan, including any updates thereto, including the Service and Assessment Plan to be adopted by the City. P3Works, LLC was not engaged to prepare any updates to the Service and Assessment Plan prior to the 2018 Service and Assessment Plan. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin and North Richland Hills, Texas.

The PID Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel IDs within the District;
- Trust account analysis and reconciliation;
- Property owner inquires;
- Determination of prepayment amounts;
- Preparation and review of disclosure notices with dissemination agent; and
- Review of developer draw requests for reimbursement of authorized improvement costs.

### **APPRAISAL OF IMPROVEMENT AREA #3**

General. Integra Realty Resources (the "Appraiser") prepared an appraisal report for Improvement Area #3 of the District, dated October 29, 2024, based upon a physical inspection of the Improvement Area #3 on September 14, 2024 (the "Appraisal"). The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #3. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX F — Appraisal of Improvement Area #3."

Value Estimates. The Appraiser estimated the market value of the fee simple interest of the Assessed Parcels within Improvement Area #3. The Appraisal does not reflect the value of the property as if sold to a single purchaser in a single transaction. Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of August 23, 2024:

- The "bulk/wholesale" market value "as is" of the fee simple interest in the 307 developed single-family lots is \$18,500,000;



- The “cumulative retail” market value “as is” of the fee simple interest in 33 sold/contracted single-family homes is \$17,300,000; and
- The “cumulative retail” market value “as is” of the fee simple interest in 23 unsold/uncontracted single-family homes is \$7,600,000.

The Appraiser provided “not less than” market value opinions for all 56 homes valued, with the hypothetical condition that 23 of the spec/model homes that were not sold or under contract at the time of the valuation were discounted by 30% and provided as 70% of market value.

The aggregate of the fee simple interest in the “bulk” market value “as is” of the 307 developed single-family lots and the “cumulative market value as is” of the 56 single-family homes is \$43,400,000. “See “APPENDIX F — Appraisal of Improvement Area #3.”

None of the City, the Developer, the Financial Advisor nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer, the Financial Advisor and the Underwriter make no representation as to the reasonableness of such assumptions.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in an appraisal is based on various assumptions of future expectations and while the appraiser’s forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

In performing its analyses, an appraiser makes numerous assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser’s, Underwriter’s and City’s control, as well as to certain factual matters. Furthermore, the Appraiser’s analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. The Appraiser has consented to the use of the Appraisal in this Limited Offering Memorandum in connection with the issuance of the Bonds. No other use or user of the Appraisal is permitted by any other party for any other purpose.

## **THE MARKET STUDY**

Economic & Planning Systems, Inc. (“EPS”) was engaged by the City to review the market assumptions being used by the Developer for Improvement Area #3 of the District. In a report dated October 24, 2024 (the “Market Study”), EPS reviewed the development plans for Improvement Area #3, and concluded that, among other conclusions, (1) the assumed home prices used to determine the allocation of the Assessments are generally consistent with trends both inside and beyond the District, and (2) the currently estimated District tax burden appears to be supportable based on project value assumptions and comparisons to other communities. The Market Study is attached as APPENDIX H and should be read in its entirety. None of the City, the Developer, the Financial Advisor or the Underwriter make any representation as to the accuracy, completeness, assumptions or information contained in the Market Study. The assumptions or qualifications with respect to the Market Study are contained therein. There can be

no assurance that any such assumptions will be realized, and none of the City, the Developer, the Financial Advisor or the Underwriter make any representation as to the reasonableness of such assumptions.

### **BONDHOLDERS' RISKS**

*Before purchasing any of the Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks associated with an investment in the Bonds) should be carefully considered prior to purchasing any of the Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.*

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #3 of the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against the Assessed Parcels within Improvement Area #3 of the District, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessed Parcels, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the Assessed Parcels. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Underwriter is not obligated to make a market in or repurchase any of the Bonds, and no representation is made by the Underwriter, the City or the City's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds. See "BONDHOLDERS' RISKS — Limited Secondary Market for the Bonds."

### **Deemed Representations and Acknowledgment by Purchasers**

Each purchaser of Bonds (each a "Purchaser") will be deemed to have acknowledged and represented to the City the matters set forth under the heading "NOTICE TO INVESTORS – LIMITATIONS APPLICABLE TO

INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS’ RISKS” and elsewhere herein, and each Purchaser, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the Purchaser can afford a complete loss of its investment in the Bonds.

### **Assessment Limitations**

Annual Installments of Assessments are billed to property owners of Assessed Parcels. Annual Installments of Assessments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments of Assessments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year and the Annual Collection Costs for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments of Assessments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments of Assessments, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments of Assessments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy” herein. **In addition, enforcement of the Assessment Lien may not be possible with respect to the Non-Foreclosure Lots. See “ASSESSMENT PROCEDURES — Foreclosure Proceedings and Potential Barriers to Foreclosure on Non-Foreclosure Lots” herein.**

Upon an ad valorem tax lien foreclosure event of an Assessed Parcel, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, § 372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code § 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. **However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property.** It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the

Assessment Ordinance, 8 of the 363 lots that comprise the assessed property within Improvement Area #3 were sold to third-party homeowners, and therefore, could potentially have the ability to claim homestead rights on Assessed Parcels. The Developer, WVV1P3, WVV1P4 and the IA #3 Homebuilders are not eligible to claim homestead rights. See “ASSESSMENT PROCEDURES — Foreclosure Proceedings and Potential Barriers to Foreclosure on Non-Foreclosure Lots” herein.

Failure by owners of the parcels to pay Annual Installments of Assessments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #3. HOWEVER, FOR AS LONG AS A PRE-EXISTING HOMESTEAD RIGHT IS MAINTAINED ON AN ASSESSED PROPERTY, AN ASSESSMENT LIEN ON THAT ASSESSED PROPERTY MAY NOT BE FORECLOSED UPON.

### **Pre-Existing Homesteads in Improvement Area #3**

**ACCORDING TO THE DEVELOPER, APPROXIMATELY 8 OF THE 363 LOTS THAT COMPRISE THE ASSESSED PROPERTY WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT WERE SOLD TO THIRD-PARTIES PRIOR TO THE DATE OF THE ASSESSMENT ORDINANCE, AND THEREFORE, COULD POTENTIALLY HAVE PRE-EXISTING HOMESTEAD RIGHTS. BASED ON A REVIEW OF THE TRAVIS CENTRAL APPRAISAL DISTRICT’S RECORDS, THE CITY ESTIMATES, BUT CANNOT GUARANTEE, THAT THERE ARE PRE-EXISTING HOMESTEAD RIGHTS ASSOCIATED WITH APPROXIMATELY 8 OF THE 363 LOTS THAT COMPRISE THE ASSESSED PROPERTY WITHIN IMPROVEMENT AREA #3 OF THE DISTRICT (ALSO REFERRED TO HEREIN AS THE “NON-FORECLOSURE LOTS”). THE TEXAS ATTORNEY GENERAL HAS OPINED IN OPINION NO. GA-0237 (2004) THAT AN ASSESSMENT LIEN MAY NOT BE ENFORCED BY A FORECLOSURE PROCEEDING UNLESS THE ASSESSMENT LIEN, WHICH IS EFFECTIVE FROM AND AFTER THE DATE OF THE ORDINANCE LEVYING THE ASSESSMENT, PREDATES THE DATE THE PROPERTY BECAME A HOMESTEAD. THUS, THE CITY MAY NOT BE ABLE TO FORECLOSE ON THE LIEN ASSOCIATED WITH THE NON-FORECLOSURE LOTS FOR AS LONG AS SUCH RIGHTS ARE MAINTAINED ON THE PROPERTY. IT IS UNCLEAR UNDER TEXAS LAW WHETHER OR NOT PRE-EXISTING HOMESTEAD RIGHTS WOULD PREVENT THE ASSESSMENT LIEN FROM ATTACHING TO SUCH HOMESTEAD PROPERTY OR INSTEAD CAUSE THE ASSESSMENT LIEN TO ATTACH, BUT REMAIN SUBJECT TO, THE PRE-EXISTING HOMESTEAD RIGHTS. NOTWITHSTANDING THE POTENTIAL INABILITY OF THE CITY TO FORECLOSE, A MORTGAGEE ON SUCH PROPERTY MAY FORECLOSE FOR NON-PAYMENT OF A MORTGAGE, SUBJECT TO THE ASSESSMENT LIEN. MOREOVER, ASSESSMENTS ARE A PERSONAL LIABILITY OF AND CHARGE AGAINST THE HOMEOWNERS OF THE ASSESSED PROPERTY.**

**ONCE PROPERTY HAS BEEN DESIGNATED AS HOMESTEAD, IT CAN ONLY LOSE SUCH DESIGNATION BY ABANDONMENT, ALIENATION, OR DEATH. TEXAS LAW DOES NOT GENERALLY PROVIDE FOR THE TRANSFER OF THE RIGHT TO CLAIM A RESIDENCE HOMESTEAD FROM ONE PARTY TO ANOTHER. RATHER, A TRANSFEREE WOULD HAVE TO EITHER PHYSICALLY OCCUPY SUCH PROPERTY OR MAKE PREPARATIONS FOR PHYSICAL OCCUPANCY OF SUCH PROPERTY IN ORDER TO HAVE THE RIGHT TO CLAIM SUCH PROPERTY AS A HOMESTEAD, AND SUCH RIGHT WOULD AUTOMATICALLY TAKE EFFECT IF AND WHEN SUCH ACTIONS ARE TAKEN. THEREFORE, IN MOST CIRCUMSTANCES, THE SALE OR OTHER TRANSFER OF A NON-FORECLOSURE LOT WOULD MAKE THE CITY’S ASSESSMENT LIEN PRIOR TO THE HOMESTEAD RIGHTS OF THE NEW OWNER, AND WOULD, THEREFORE, EMPOWER THE**

## **CITY TO BRING AN ACTION IN STATE DISTRICT COURT TO FORECLOSE THE LIEN OF ANY DELINQUENT ANNUAL INSTALLMENT OWED BY THE NEW OWNER.**

### **Recent Changes in State Law Regarding Public Improvement Districts**

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or homebuilders within Improvement Area #3 do not provide the required notice and prospective purchasers of property within Improvement Area #3 terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property should be paid. On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or homebuilders within Improvement Area #3 do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached as Exhibits S-9, S-10 and S-11 to the Service and Assessment Plan. See "Appendix C — Form of Service and Assessment Plan."

### **Potential Future Changes in State Law Regarding Public Improvement Districts**

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State (the "88th Regular Session") concluded on May 29, 2023. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Upon conclusion of the 88th Regular Session, the Governor called four special sessions all of which ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

### **General Risks of Real Estate Investment and Development**

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed. No defined "true-up" agreement has been entered into between the City and Developer, nor is there a requirement that future developers or Developers enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for development that the necessary revisions to the Service and Assessment Plan will be made, nor can there be any assurance that the eventual assessment burden on the property will be marketable.

The ability of the Developer and homebuilders to develop lots and sell single-family residential homes within the District may be affected by unforeseen changes in the general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the single-family residential lots. In the event that a large

number of single-family projects are constructed outside of the District, and compete with the Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to businesses and residents.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; the occurrence of public health events and emergencies; and other unknown contingencies and factors beyond the control of the Developer.

The Development cannot be completed without the Developer obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of each phase of the Development and to allow the occupancy of residences and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer.

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the IA #3 Homebuilders and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

### **Risks Related to the Current Residential Real Estate Market**

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable-rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market more difficult. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of lot and home sales within the District. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

### **Risks Related to Recent Increase in Costs of Building Materials**

If the costs of the remaining Improvement Area #3 Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #3 Improvements or pay the Assessments when due. Additionally, if the costs of materials significantly increase, it may affect the ability of the Developer to complete the Improvement Area #3 Improvements or sell lots for the construction of homes within Improvement Area #3. There is no way to predict whether such cost increases or low supply of building materials will affect the development of the District. See “THE DEVELOPER — History and Financing of the Development.”

**Competition**

The housing industry in the Austin area is very competitive, and none of the Developer, the City, the City’s Financial Advisor nor the Underwriter can give any assurance that the building programs which are planned will ever commence. The competitive position of the Developer or of any other homebuilder in the sale of developed lots or the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

Competitive projects in the area include:

Project Name	# of Units	Proximity to Development	Developer	Actual/Expected		Prices	# of Units Remaining
				Date Started	Date of Completion		
Easton Park	8013	20 miles	Brookfield Res	4Q15	2036	\$300k-839k	6,376
Shadow Glen	3296	4.25 miles	MHI/Perry/SunCal	2Q03	2034	\$300k-680k	1,506
Wildhorse	2336	4.5 miles	Dwyer Realty	4Q17	2044	\$300k-424k	2,036
Lagos	2211	1.3 miles	Dwyer Realty	2Q18	2044	\$400k-550k	2,005
Presidential Meadows	1679	5.45 miles	Ed Wendler, Jr.	3Q04	2024	\$250k-402k	204

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development.

**Bankruptcy**

The payment of Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent Assessments might not be paid in full. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.”

**Direct and Overlapping Indebtedness, Assessments and Taxes**

The ability of an owner of property within Improvement Area #3 to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of Improvement Area #3 of the District currently impose ad valorem taxes on the property within Improvement Area #3 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #3 of the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments.

Pursuant to the Development Agreement, the City has agreed not to annex for full purposes or impose ad valorem taxes on all or a portion of the property in the District until (i) for property within the District for which PID Bonds have been issued to pay for public improvements, or for which the Developer has in good faith requested that the City issue PID Bonds to pay for public improvements, the earlier of (a) the date that all PID Bonds, relating to the portion of the property in the District to be annexed, are paid in full, or (b) 44 years and six months after the effective date of the Development Agreement (June 18, 2009), and (ii) for property within the District for which PID Bonds have not been issued to pay for public improvements, or for which the Developer has not in good faith requested that the City issue PID Bonds to pay for public improvements, 15 years after the effective date of the Development Agreement. See “OVERLAPPING TAXES AND DEBT.”

### **Depletion of Reserve Account of the Reserve Fund and Funding of Delinquency and Prepayment Reserve Account**

Failure of the owners of property within Improvement Area #3 to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account, the amount in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS SIMILARLY SECURED — Reserve Account of the Reserve Fund” herein.

Additionally, the Prepayment and Delinquency Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, the Prepayment and Delinquency Reserve Requirement of the Prepayment and Delinquency Reserve Account is accumulated by the mechanism described in “SECURITY FOR THE BONDS SIMILARLY SECURED – Delinquency and Prepayment Reserve Account of the Reserve Fund” herein.

### **Hazardous Substance**

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in the District be affected by a hazardous substance, the marketability and value of parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within the District does not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

See “THE DEVELOPMENT — Environmental” for discussion of previous Phase 1 - ESA performed on property within the District.

### **Regulation**

Development within the District may be subject to future federal, state and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet any such regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.



## **Availability of Utilities**

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If the City fails to supply water and wastewater services to the property in the District, the development of the land in the District could be adversely affected. See “THE DEVELOPMENT — Utilities.”

## **100-Year Flood Plain**

Approximately 600 acres within the District, none of which are within Improvement Area #3, are located within an official FEMA 100-year flood plain as shown on the current Federal Emergency Management Agency’s Flood Insurance Rate Map Panels 48453C0490J and 48453C0495J. All the lands identified to be within the developed floodplain will be located within dedicated open space, park or drainage easements. As the project is developed the final location of the floodplain will be determined and will be contained within drainage easements or dedicated lots. The City will not allow occupied structures to be developed within the floodplain. Minor park facilities have been approved to be placed in the floodplain by the City.

## **Risk from Weather Events**

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, hurricanes, tropical storms, flooding, heavy rains, droughts, and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

## **Exercise of Mineral Rights**

As described herein under “THE DEVELOPMENT— Mineral Rights,” there are certain mineral rights reservations located within the District and not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Travis County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

## **Bondholders’ Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within Improvement Area #3 in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions

such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued”, in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources”. While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding *Wasson*, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the State legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by State courts. In general, State courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. State courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial

duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

### **Judicial Foreclosures**

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #3 available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments and Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

### **No Acceleration**

The Indenture contains a provision prohibiting the acceleration of the principal of the Bonds in any event, including in the event of a payment default or other default under the terms of the Bonds or the Indenture.

### **Limited Secondary Market for the Bonds**

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of Improvement Area #3 subject to the Assessments, existing real estate and financial market conditions and other factors.

### **No Credit Rating**

The City has not applied for or received a credit rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Potential Early Redemption of Bonds from Prepayments of Assessments**

The owner of any property assessed may voluntarily prepay all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Such prepayments may result in a redemption of Bonds, at the option of the City, for which timely notice may be given under the Indenture following receipt of the Prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See “DESCRIPTION OF THE BONDS — Redemption Provisions — Extraordinary Optional Redemption.”

### **Bankruptcy Limitation to Bondholders’ Rights**

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political

subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

### **Tax-Exempt Status of the Bonds**

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or State level, may adversely affect the tax-exempt status of interest on the Bonds under federal or State law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. In the past, the IRS has announced audit efforts focused in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

### **Management and Ownership**

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a

new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

### **Dependence Upon Homebuilders**

As of October 1, 2024, the IA #3 Homebuilders have the obligation for payment of approximately 43.04% of the total Assessments. The ability of the IA #3 Homebuilders to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. See “THE DISTRICT – Collection and Delinquency History of District Assessments – Improvement Area #3 Assessment Payer Concentration” herein.

## **TAX MATTERS**

### **Tax Exemption**

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel’s opinion is reproduced as Appendix D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the Date of Delivery pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Order subsequent to the issuance of the Bonds. The Order contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the “Premium Bonds”) may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or

decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

## **LEGAL MATTERS**

### **Legal Proceedings**

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

Norton Rose Fulbright US LLP serves as Bond Counsel to the City. McCall, Parkhurst & Horton L.L.P. serves as Disclosure Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

### **Legal Opinions**

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT" (except for the subcaption "Collection and Delinquency History of District Assessments"), "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (except for the final paragraph thereof), "LEGAL MATTERS — Legal Opinions" (except for the final paragraph thereof), "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "INVESTMENTS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and "APPENDIX B" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional

judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### **Litigation — The City**

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

### **Litigation — The Developer**

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Financing Agreement, the Development Agreement, the Reimbursement Agreement or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, principals of the Developer and their affiliated entities have been (but are not currently) parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

## **SUITABILITY FOR INVESTMENT**

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” The Bonds are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.



## **NO CREDIT RATING**

No application for a credit rating of the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made. See “BONDHOLDERS’ RISKS — No Credit Rating.”

## **CONTINUING DISCLOSURE**

### **The City**

Pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission, the City, the Administrator and U.S. Bank Trust Company, National Association (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Issuer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Issuer, certain financial information and operating data relating to the City (collectively, the “City Reports”). The specific nature of the information to be contained in the City Reports is set forth in “APPENDIX E-1 — Form of Disclosure Agreement of the Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Issuer. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

### **The City’s Compliance with Prior Undertakings**

During the past five years, the City has complied in all material respects with all continuing disclosure agreements made in accordance with Rule 15c2-12.

### **The Developer**

The Developer, the Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Developer, certain information regarding the Development and the Improvement Area #3 Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of the Developer.” Under certain circumstances, the failure of the Developer to comply with its obligations under the Disclosure Agreement of the Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of the Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Developer. The Developer makes no representation or warranty concerning such information or concerning its

usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Developer or from any statement made pursuant to the Disclosure Agreement of the Developer. Concurrently with issuance of the Bonds, the Developer will enter into a continuing disclosure agreement related to the Improvement Area #3 Bonds.

### **The Developer's Compliance With Prior Undertakings**

The Developer entered into continuing disclosure agreements relating to the Master Improvement Area Senior Bonds and the Master Improvement Area Subordinate Bonds (the "Master Improvement Area Disclosure Agreements"), pursuant to which the Developer agreed to provide certain information regarding the Development and the Master Improvement Area Improvements (the "Master Improvement Area Reports") to the Dissemination Agent on a quarterly basis no later than thirty (30) days after each January 1, April 1, July 1 and October 1 (each January 31, May 1, July 31 and October 31, respectively). Upon receipt from the Developer, the Dissemination Agent is required to promptly file such Master Improvement Area Reports with the MSRB. During the last five years, the Developer has timely filed its Master Improvement Area Reports with the Dissemination Agent, except for Master Improvement Area Report for the period ending July 1, 2022, which was filed on November 10, 2022.

### **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter" or "Stifel") has agreed to purchase the Bonds from the City at a purchase price of \$\_\_\_\_\_ (the par amount of the Bonds, less an underwriting discount of \$\_\_\_\_\_, which includes Underwriter's Counsel fee of \$\_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the cover hereof, and such initial offering prices may be changed from time to time by the Underwriter.

Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by certain events. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes. See "BONDHOLDERS' RISKS — Limited Secondary Market for the Bonds" herein.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

### **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds

under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### **LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “NO CREDIT RATING” above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

### **INVESTMENTS**

The City invests its available funds in investments authorized by State law, particularly the PFIA, in accordance with investment policies approved by the City Council. Both State law and the City’s investment policies are subject to change.

Under State law, the City is authorized to invest in:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (2) direct obligations of the State or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or by explicit full faith and credit of the United States;
- (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent;
- (6) bonds issued, assumed or guaranteed by the State of Israel;
- (7) interest-bearing banking deposits that are guaranteed insured by the FDIC or the National Credit Union Share Insurance Fund (“NCUSIF”) or their respective successors;
- (8) (i) interest-bearing banking deposits other than those described by subdivision (7) if the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity’s account; (iii) the

- full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
- (9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits;
  - (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) and (12) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;
  - (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
  - (12) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;
  - (13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;
  - (14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and,
  - (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if:

- (i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;
- (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and
- (iv) the agreement to lend securities has a term of one year or less.

The City may also contract with an investment management firm registered under the Investment Advisor Act of 1940 (15 U.S.C. Section 80b.1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the City retains ultimate responsibility as fiduciary of its assets.

The City is specifically prohibited from investing in:

- (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest;
- (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and
- (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also that address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment owned by the City, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

- (1) understanding of the suitability of the investment to the financial requirements of the City;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of each investment;
- (5) diversification of the portfolio; and
- (6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments," except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing:

- (1) the investment position of the City;
- (2) that all investment officers jointly prepared and signed the report;
- (3) the beginning market value and the ending value of each pooled fund group;
- (4) the book value and market value of each separately listed asset at the end of the reporting period;
- (5) the maturity date of each separately invested asset;
- (6) the account or fund or pooled fund group for which each individual investment was acquired; and
- (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law.

No person may invest City funds without express written authority of the City Council or the Chief Financial Officer of the City.

Under State law, the City is additionally required to:

- (1) annually review its adopted policies and strategies,
- (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,
- (3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
- (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and
- (5) provide specific investment training for the Chief Financial Officer of the City, Treasurer, and Investment Officers.

An investment officer of a local government is required to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

### **INFORMATION RELATING TO THE TRUSTEE**

The City has appointed U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States, to serve as Trustee under the terms of the Indenture. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the City. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

### **SOURCES OF INFORMATION**

#### **General**

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Developer and its representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City or the Developer described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such

documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

### **The Developer**

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #3 Improvements generally and, in particular, the information included in the maps in this Limited Offering Memorandum and in the sections captioned “PLAN OF FINANCE — Development Plan,” “— Status of Development,” “— Homebuilders and Status of Home Construction,” “— The Reimbursement Agreement,” and “— Phased PID Bonds,” “OVERLAPPING TAXES AND DEBT — Owners’ Association,” “THE IMPROVEMENT AREA #3 IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #3 Improvements and the Development), “LEGAL MATTERS — Litigation – The Developer,” “CONTINUING DISCLOSURE — The Developer” and “— The Developer’s Compliance with Prior Undertakings,” “APPENDIX E-2” and “APPENDIX G” has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

### **Experts**

The Service and Assessment Plan (see APPENDIX C to this Limited Offering Memorandum) was prepared by P3Works, LLC and has been included in reliance upon the authority of such firm as experts in the field of assessment allocation/methodology and district administration.

The information regarding the Appraisal (see APPENDIX F to this Limited Offering Memorandum) has been provided Integra Realty Resources and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Integra Realty Resources has consented to the inclusion of the Appraisal herein.

The information regarding the Market Study (see APPENDIX H to this Limited Offering Memorandum), which is subject to the assumptions, hypothetical conditions and qualifications set forth therein, has been provided by EPS, and has been included in reliance upon the authority of such firm as experts in the field of real estate market studies. EPS has consented to the inclusion of the Market Study herein.

### **Updating of Limited Offering Memorandum**

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the City’s obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

### **FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

**AUTHORIZATION AND APPROVAL**

The City Council has approved by ordinance the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

CITY OF AUSTIN, TEXAS

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Mayor

ATTEST:

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City Clerk



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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

The following information has been provided for informational purposes only.

**General Information**

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Council members who are elected by geographic district. The districts, drawn by an independent citizen’s commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the Independent Citizens Redistricting Commission presented a certified map to City Council in October 2021, which will be in effect for the 2022 elections. The City’s elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees, except City Council appointees, and for the administration of all City affairs.

Austin, the capital of Texas, is the fourth most populous city in the state (behind Houston, San Antonio, and Dallas) and in 2023 became the tenth largest city in the nation with a population of just under 1 million according to City and U.S. Census Bureau estimates. Geographically, Austin consists of approximately 333 square miles. The current estimated median household income for Austin residents is \$80,284 according to data reported by Claritas, LLC. and Austin’s per capita personal income is estimated to be \$82,100.

Higher education remains a significant aspect of life in the Austin area. More than 56.5% of Austin residents over 25 years of age hold a bachelor’s degree, which remains significantly higher than the state or national rates. Austin is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, consistently ranks in the top 10 largest public universities in the U.S. in terms of undergraduate enrollment. In the 2023 U.S. News & World Report Best Colleges survey, the university ranks ninth among public universities and its business programs were ranked fifth (tied) among national universities.

**Historical Employment in the City**

	Average Annual				
	2024 <sup>(1)</sup>	2023	2022	2021	2020
Civilian Labor Force	702,575	680,410	652,926	615,773	582,209
Total Employed	679,692	658,464	634,715	591,865	545,465
Total Unemployed	22,883	21,946	18,211	23,908	36,744
Unemployment Rate	3.3%	3.2%	2.8%	3.9%	6.3%

<sup>(1)</sup> Data through September 2024.  
 Source: Texas Labor Market Information.

**Ten Largest Employers in the City (As of September 30, 2023)**

The ten largest employers in the City are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
State Government	Government	38,681
The University of Texas at Austin	Education	31,106
H-E-B	Retail	22,955
City of Austin	Government	16,029
Ascension Seton	Healthcare	14,842
Federal Government	Government	14,600
Dell Computer Corporation	Computers	13,000
Tesla, Inc.	Manufacturing	12,277
St. David's Healthcare Partnership	Healthcare	11,484
Amazon.com LLC	Retail	11,000

*Source: The City's 2023 Annual Comprehensive Financial Report.*

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APPENDIX B  
FORM OF INDENTURE

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE DEVELOPER

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APPENDIX F

APPRAISAL OF IMPROVEMENT AREA #3

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APPENDIX G  
FINANCING AGREEMENT

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APPENDIX H  
MARKET STUDY

APPENDIX I  
PHOTOGRAPHS OF THE DEVELOPMENT