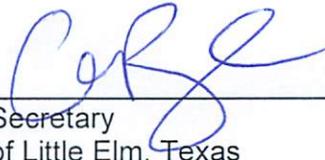


and purpose of the meeting and had actual notice that the matter would be considered; and that said meeting, and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the entitled ordinance, was posted and given in advance thereof in compliance with the provisions of Texas Government Code Chapter 551, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Town, this the 1st day of November, 2022.



Town Secretary
Town of Little Elm, Texas

(Town Seal)





VG-373-2022-154185

Denton County
Juli Luke
County Clerk

Ordinance No 1687 - Valencia PID No 2

Instrument Number: 154185

Real Property Recordings

ORDINANCE

Recorded On: November 02, 2022 11:54 AM

Number of Pages: 72

" Examined and Charged as Follows: "

Total Recording: \$310.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 154185
Receipt Number: 20221102000231
Recorded Date/Time: November 02, 2022 11:54 AM
User: Diana P
Station: Station 37

Record and Return To:

LITTLE ELM ECONOMIC DEVELOPMENT
100 W. ELDORADO PKWY

LITTLE ELM TX 75068



STATE OF TEXAS
COUNTY OF DENTON

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Juli Luke
County Clerk
Denton County, TX

ORDINANCE NO. 1687

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS ACCEPTING AND APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR THE VALENCIA PUBLIC IMPROVEMENT DISTRICT NO. 2; MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE DISTRICT; LEVYING ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR THE METHOD OF ASSESSMENT AND THE PAYMENT OF THE ASSESSMENTS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, a petition was submitted and filed with the Town Secretary (the "Town Secretary") of the Town of Little Elm, Texas (the "Town") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "PID Act"), requesting the creation of a public improvement district located within the corporate limits of the Town; and

WHEREAS, the petition contained the signature of the owner of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the proposed District, as determined by the then current ad valorem tax rolls of the Denton Central Appraisal District, and the signature of the record owner of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the proposed District; and

WHEREAS, on August 16, 2022, after due notice, the Town Council of the Town (the "Town Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on August 16, 2022, the Town Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 0816202201 (the "Authorization Resolution"), adopted by a majority of the members of the Town Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on August 19, 2022, the Town Secretary filed a copy of Resolution No. 0816202201 with the county clerk of each county in which all or a part of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the Town Secretary within 20 days after August 16, 2022, and

WHEREAS, on September 6, 2022, the Town Council adopted a resolution approving a preliminary service and assessment plan, including a proposed assessment roll for the District;

calling for a public hearing to consider an ordinance levying assessments on property within the District (the "Assessments"); authorizing and directing the Town Secretary of the Town to file the proposed assessment roll for the District and make such assessment roll available for public inspection; authorizing and directing the publication of notice of a public hearing to consider the levying of the Assessments against the property within the District (the "Levy and Assessment Hearing"); authorizing and directing the mailing of notice of the Levy and Assessment Hearing to owners of property liable for assessment; and directing related action; and

WHEREAS, on September 7, 2022, the Town Secretary, filed the Assessment Roll (defined below) and made the same available for public inspection; and

WHEREAS, the Town Secretary, pursuant to Section 372.016(b) of the PID Act, published notice of the Levy and Assessment Hearing on September 18, 2022 in the *Denton Record-Chronicle*, a newspaper of general circulation in the Town; and

WHEREAS, the Town Secretary, pursuant to Section 372.016(c) of the PID Act, mailed the notice of the Levy and Assessment Hearing to the last known addresses of the owners of the property liable for the Assessments; and

WHEREAS, the Town Council opened and convened the hearing on October 18, 2022 and then the Town Council recessed such public hearing until November 1, 2022; and

WHEREAS, on November 1, 2022, the Town Council convened the Levy and Assessment Hearing, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the improvements to be undertaken for the benefit of the District (the "Authorized Improvements"), the purposes of the Assessments, the special benefits of the Authorized Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, the Town Council finds and determines that the Assessment Roll and the Valencia Public Improvement District No. 2 Service and Assessment Plan, dated November 1, 2022, in a form substantially similar to the attached *Exhibit A*, which final form shall be approved by the Town Manager and the Town's advisors (as updated, the "Service and Assessment Plan"), and which is incorporated herein for all purposes, should be approved and that the Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan and the assessment roll attached thereto as Appendix G (the "Assessment Roll"); and

WHEREAS, the Town Council further finds that there were no objections or evidence submitted to the Town Secretary in opposition to the Service and Assessment Plan, the allocation of the Actual Costs of the Authorized Improvements (as described in the Service and Assessment Plan), the Assessment Roll, or the levy of the Assessments against the Assessed Property (as defined in the Service and Assessment Plan); and

WHEREAS, the owners (the "Landowners"), or their representatives, of the majority of the privately-owned and taxable property located within the District, who are the persons to be

assessed pursuant to this Ordinance, have previously indicated their approval and acceptance of the Service and Assessment Plan, approval of the Assessment Roll, approval of this Ordinance, and approval of the levy of the Assessments against their property; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS:

Section 1. Terms.

Terms not otherwise defined herein are defined in the Service and Assessment Plan.

Section 2. Findings.

The findings and determinations set forth in the preambles hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section. The Town Council hereby finds, determines, and ordains, as follows:

(a) The apportionment of the Actual Costs of Authorized Improvements (as reflected in the Service and Assessment Plan), and the Administrative Expenses (as defined in and as described by the Service and Assessment Plan) is fair and reasonable, reflects an accurate presentation of the special benefit each parcel of Assessed Property will receive from the construction of the Authorized Improvements identified in the Service and Assessment Plan, and is hereby approved;

(b) The Service and Assessment Plan (i) covers a period of at least five years, (ii) defines the annual indebtedness and projected costs for the Authorized Improvements, and (iii) includes a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended;

(c) The Service and Assessment Plan apportions the Actual Costs of the Authorized Improvements to be assessed against the Assessed Property as Assessments and such apportionment is made on the basis of special benefits accruing to the property because of the Authorized Improvements;

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

(e) The method of apportionment of the Actual Costs of the Authorized Improvements and Administrative Expenses set forth in the Service and Assessment Plan results in imposing equal shares of the Actual Costs of the Authorized Improvements and

Administrative Expenses on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the Actual Costs of the Authorized Improvements;

(f) The Service and Assessment Plan should be approved as the service plan and assessment plan for the District as described in Sections 372.013 and 372.014 of the PID Act;

(g) The Assessment Roll should be approved as the assessment roll for the District;

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

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

Section 3. Service and Assessment Plan.

The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the PID Act as the service plan and the assessment plan for the District.

Section 4. Assessment Roll.

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

Section 5. Levy and Payment of Assessments for Actual Costs of Authorized Improvements.

(a) The Town Council hereby levies an assessment on each parcel of Assessed Property (excluding Non-Benefited Property, as defined in the Service and Assessment Plan), as shown and described in the Service and Assessment Plan and the Assessment Roll, in the respective amounts shown on the Assessment Roll, as a special assessment on the properties set forth in the Assessment Roll.

(b) The levy of the Assessments shall be effective on the date of the adoption of this Ordinance levying the Assessments and strictly in accordance with the terms of the Service and Assessment Plan and the PID Act.

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

(d) Each Assessment may be paid in a lump sum at any time or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

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

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

(g) The Administrative Expenses for the Assessed Property shall be calculated and collected pursuant to the terms of the Service and Assessment Plan.

Section 6. Method of Assessment.

The method of apportioning the Actual Costs of the Authorized Improvements and Administrative Expenses is set forth in the Service and Assessment Plan.

Section 7. Penalties and Interest on Delinquent Assessments.

Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan and as allowed by law.

Section 8. Prepayments of Assessments.

As provided in Section VI of the Service and Assessment Plan, the owner of any Assessed Property subject to an Assessment may prepay the Assessments levied by this Ordinance.

Section 9. Lien Priority.

The Town Council and the Landowners intend for the obligations, covenants and burdens on the Landowners of each parcel of Assessed Property, including without limitation such Landowners' obligations related to payment of the Assessments and the Annual Installments thereof, to constitute covenants that shall run with the land. The Assessments and the Annual Installments thereof which are levied hereby shall be binding upon the Landowners, as the owners of each parcel of Assessed Property, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. Assessments shall have lien priority as specified in the Service and Assessment Plan and the PID Act.

Section 10. Appointment of Administrator and Collector of Assessments.

(a) **Appointment of Administrator.**

MuniCap, Inc., is hereby appointed and designated to initially serve, or until otherwise determined by the Town Council, as the Administrator of the Service and Assessment Plan and

of the Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Administrative Expense.

(b) Appointment of Collector.

The Tax Assessor/Collector of Denton County is hereby appointed and designated as the collector of the Assessments.

Section 11. Applicability of Tax Code.

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

Section 12. Filing in Land Records.

The Town Secretary is directed to cause a copy of this Ordinance, including the Service and Assessment Plan and the Assessment Roll, to be recorded in the real property records of Denton County, not later than the seventh day after the date the Town Council adopts this Ordinance approving the Service and Assessment Plan. The Town Secretary is further directed to similarly file each Annual Service Plan Update (as defined in the Service and Assessment Plan) approved by the Town Council not later than the seventh day after the date that the Town Council approves each Annual Service Plan Update.

Section 13. Severability.

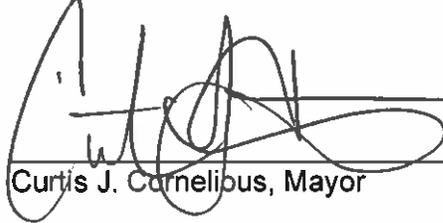
If any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of the same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portions of this Ordinance or the application to other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

Section 14. Effective Date.

This Ordinance shall take effect, and the levy of the Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage hereof.

PASSED AND APPROVED, this the 1st day of November, 2022.

TOWN OF LITTLE ELM, TEXAS


Curtis J. Cornelibus, Mayor

ATTEST:

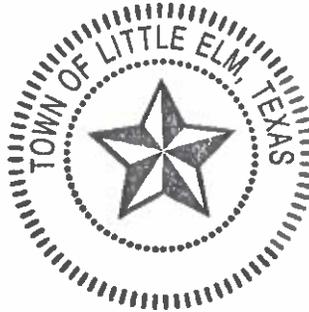

Caitlan Biggs, Town Secretary


Matt Mueller, Town Manager

(Town Seal)

APPROVED AS TO FORM:


Robert Brown, Town Attorney



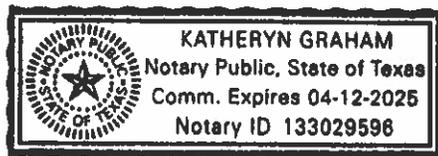
STATE OF TEXAS

§
§
§

COUNTY OF DENTON

This instrument was acknowledged before me on the 1 day of November, 2022 by Curtis J. Cornelibus, Matt Mueller, and Robert Brown, Mayor, Town Manager, and Town Attorney, respectively, of the Town of Little Elm, Texas on behalf of said Town.

(SEAL)




Notary Public, State of Texas

EXHIBIT A

Service and Assessment Plan

VALENCIA
PUBLIC IMPROVEMENT DISTRICT
No. 2

TOWN OF LITTLE ELM, TEXAS

SERVICE AND ASSESSMENT PLAN

November 1, 2022

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

VALENCIA PUBLIC IMPROVEMENT DISTRICT NO. 2

SERVICE AND ASSESSMENT PLAN

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On August 16, 2022 (the “Creation Date”) the Town Council (the “Town Council”) of the Town of Little Elm, Texas (the “Town”) passed and approved Resolution No. 0816202201 approving and authorizing the creation of the Valencia Public Improvement District No. 2 (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district (the “Authorized Improvements”), all of which is located within the Town.

The property in the PID is proposed to be developed as one phase, and the PID will finance public improvements as the property is developed. Assessments will be imposed on the property that receives a special benefit from the Authorized Improvements to be constructed.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. The Valencia Public Improvement District No. 2 Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix E.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

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

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The Assessment Roll for the PID is included in this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. DEFINITIONS

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

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a payment request in a form that has been reviewed and approved by the Town. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, and taxes, (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, Town permit fees, development fees), insurance premiums, and miscellaneous expenses.

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the Town or construction management fees in an amount up to five percent of the eligible Actual Costs described in a payment request in a form that has been reviewed and approved by the Town. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

“Additional Interest” means the 0.50% additional interest rate charged on Assessments (if applicable) pursuant to Section 372.018 of the PID Act.

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

“Additional Interest Reserve” has the meaning set forth in Section V.F of this Service and Assessment Plan.

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of

installments of the Assessments and the system of registration and transfer of the Bonds, (v) issuing, paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds or any other cost of issuance associated with the bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Administrator” means the employee or designee of the Town, identified in any indenture of trust relating to a series of Bonds or identified in any other agreement approved by the Town Council, who shall have the responsibilities provided for herein.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments including any applicable interest, as shown on the Assessment Roll attached hereto as Appendix G, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the Administrative Expenses, and (iii) the Additional Interest described in Section V.F. of this Service and Assessment Plan.

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

“Assessed Property” means any property that benefits from the Authorized Improvements within the PID on which Assessments have been imposed as shown in the Assessment Roll, as the Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all Parcels within the PID other than Non-Benefited Property.

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

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

“Assessment Revenues” mean the revenues received by or on behalf of the Town from the collection of Assessments or Annual Installment payment thereof.

“Assessment Roll” or **“Assessment Rolls”** means collectively or separately, as applicable, the Assessment Roll included in this Service and Assessment Plan as Appendix G or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an

Annual Service Plan Update, as each may be updated, modified, or amended from time to time in accordance with the procedures set forth in this Service and Assessment Plan and in the PID Act.

“Authorized Improvements” mean those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, acquired, constructed and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

“Authorized Improvement Costs” mean the Actual Costs or the Budgeted Costs, as applicable, of all or any portion of the Authorized Improvements, as shown in Appendix B.

“Bonds” mean any bonds, including the Series 2022 PID Bonds, issued in one or more series for financing the Authorized Improvements and secured in whole or in part by the Assessment Revenues.

“Budgeted Cost(s)” means the amounts budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

“Certification for Payment” means the certificate to be provided by the Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements, which may be in segments or sections.

“County” means Denton County, Texas.

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

“Developer” means Valencia on the Lake 2B2 & 4, LLC, a Texas limited liability company and its successors and assigns.

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

“Homeowner Association” means a homeowners’ association or property owners’ association established for the benefit of property owners within the PID.

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

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of the County.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the Town Council. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated final average home value for each lot as of the date of the recorded subdivision plat, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the Town Council.

“Maximum Assessment Per Unit” means an Assessment per unit for each applicable Lot Type as follows:

Lot Type 1 (60 Ft Lot) - \$34,364.32
Lot Type 2 (50 Ft Lot) - \$28,178.74

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

“Parcel” or **“Parcels”** means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Denton Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the official public records for real property in Denton County.

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

“PID Act” means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

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

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

“Series 2022 PID Bonds” mean those certain Town of Little Elm, Texas, Special Assessment Revenue Bonds, Series 2022 (Valencia Public Improvement District No. 2 Project) that are secured primarily by the Assessment Revenues.

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

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

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

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

“Trustee” means the fiscal agent or trustee as specified in a Trust Indenture, including a substitute fiscal agent or trustee.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the Town and contains approximately 189.257 acres of land. A map of the property within the PID is shown in Appendix A and a legal description of the property within the PID is shown in Appendix C to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 535 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the proposed development plan.

The property within the PID is proposed to be developed as follows:

Table II-A
Proposed Development within the PID

Proposed Development	Quantity	Measurement
Single-Family - 60 Ft	196	Units
Single-Family - 50 Ft	339	Units
Total	535	Units

The estimated number of units at the build-out of the PID is based on the land use approvals for the property, the anticipated subdivision of property in the PID, and the Developer's estimate of the highest and best use of the property within the PID.

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing

After analyzing the public improvement projects authorized by the PID Act, the Town has determined at this time to undertake only Authorized Improvements listed in Section III.B. on the following page and shown in the opinion of probable costs included as Appendix B and on the

diagrams included as Appendix D for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the Town and an update to this Service and Assessment Plan.

B. DESCRIPTIONS OF THE AUTHORIZED IMPROVEMENTS

The descriptions of the Authorized Improvements are presented below. The Budgeted Costs are shown in Table III-A and may be revised in an Annual Service Plan Update as needed.

A description of the Authorized Improvements are as follows:

Roadway Improvements

The roadway improvements within the PID consist of the construction of roadway improvements, including related paving, excavation, drainage, curbs, gutters, sidewalks, retaining walls, signage, traffic control devices, and right-of-way which benefit the Assessed Property. All roadway projects will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Water Improvements

The water improvements within the PID consist of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the water distribution system that will service the Assessed Property. The water improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Sanitary Sewer Improvements

Onsite:

The onsite sanitary sewer improvements within the PID consist of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to Assessed Property. The onsite sanitary sewer improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Offsite:

The offsite sanitary sewer improvements within the PID consist of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, appurtenances, and a lift station necessary to provide sanitary sewer service to Assessed Property. The offsite sanitary sewer improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and operated by the Town.

Storm Drainage Improvements

The storm drainage improvements within the PID consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances which benefit the Assessed Property. The storm drainage collection system improvements will be designed and constructed in accordance with Town standards and specifications and will be owned and maintained by the Town.

Soft and Miscellaneous Costs

The soft and miscellaneous costs within the PID consist of engineering and surveying, project management fees, contingency, district formation, and other soft and miscellaneous costs.

The Budgeted Costs of the Authorized Improvements shown in Table III-A may be revised in Annual Service Plan Updates. Savings from one line item may be applied to a cost increase in another line item. These savings may be applied only to increases in costs of the Authorized Improvements (i.e., the improvements for the benefit of property within the PID). Additional details of the Authorized Improvements are shown in Appendix B attached to this Service and Assessment Plan. The method of cost allocation is explained in Section V.C.

Table III-A
Budgeted Authorized Improvement Costs

Description	Total
Roadway improvements (including right-of-way)	\$6,692,479
Water improvements	\$1,673,302
Sanitary sewer improvements:	
Onsite sanitary sewer improvements	\$1,367,548
Offsite sanitary sewer improvements	\$891,510
Storm drainage improvements	\$1,420,022
Other soft and miscellaneous costs	\$2,286,596
Total Authorized Improvements	\$14,331,457

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IV. SERVICE PLAN

A. PROJECTED SOURCES AND USES OF FUNDS

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five year period. It is anticipated the Authorized Improvements will be completed and dedicated to the Town in the 4th quarter of 2022.

The Budgeted Costs for the Authorized Improvements plus costs related to the issuance of the Series 2022 PID Bonds and payment of expenses incurred in the establishment, administration and operation of the PID are \$17,816,920 as shown in Table IV-A. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the Actual Costs of the Authorized Improvements, and updating the Assessment Roll. Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

Table IV-A shows the projected sources and uses of funds for the Authorized Improvements.

The Series 2022 PID Bonds described in Table IV-A are being issued in 2022 and will be used to finance the Authorized Improvement Costs.

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Table IV-A
Projected Sources and Uses

Sources of Funds	Total
Par amount	\$16,288,000
Other funding sources ⁽¹⁾	\$1,528,920
Total Sources	\$17,816,920
Uses of Funds	
<i>Authorized Improvements⁽²⁾:</i>	
Roadway improvements (including right-of-way)	\$6,692,479
Water improvements	\$1,673,302
Sanitary sewer improvements:	
Onsite sanitary sewer improvements	\$1,367,548
Offsite sanitary sewer improvements	\$891,510
Storm drainage improvements	\$1,420,022
Other soft and miscellaneous costs	\$2,286,596
<i>Subtotal</i>	<i>\$14,331,457</i>
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$751,520
Capitalized interest	\$853,641
Reserve fund	\$1,331,663
Administrative Expense	\$60,000
Underwriter's discount	\$488,640
<i>Subtotal</i>	<i>\$3,485,464</i>
Total Uses	\$17,816,920

¹Other funding sources, if any, consist of funds contributed by the Developer to complete the Authorized Improvements that are not funded by the Series 2022 PID Bonds, which will not be reimbursed to the Developer.

²See Table III-A for details.

B. PROJECTED FIVE -YEAR SERVICE PLAN

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

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Table IV-B
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected Indebtedness	Other Funding Sources⁽²⁾	Projected Annual Installments
2022	\$17,816,920	\$16,288,000	\$1,528,920	\$0
2023 ⁽¹⁾	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$1,444,113
2025	\$0	\$0	\$0	\$1,444,337
2026	\$0	\$0	\$0	\$1,443,805
2027	\$0	\$0	\$0	\$1,444,518
2028	\$0	\$0	\$0	\$1,444,347
Total	\$17,816,920	\$16,288,000	\$1,528,920	\$7,221,120

¹Interest in 2023 is being funded with capitalized interest and Administrative Expenses in 2023 are being funded with bond proceeds.

²Other funding sources, if any, consist of funds contributed by the Developer to complete the Authorized Improvements that are not funded by the Series 2022 PID Bonds, which will not be reimbursed to the Developer.

The annual projected costs shown in Table IV-B are the annual expenditures relating to the Authorized Improvements shown in Table III-A, the costs associated with creating the PID and costs of issuing the Series 2022 PID Bonds, including reserves shown in Table IV-A. The difference between the annual projected cost and the annual projected indebtedness, if any, represents an amount funded by the Developer.

C. PID DISCLOSURE

The PID Act requires that this Service and Assessment Plan, and each Annual Service Plan Update, include a copy of the notice form (required by Section 5.014 of the Texas Property Code), (the “PID Disclosure”). The PID Disclosure is attached hereto as Appendix E and may be updated from time to time or in Annual Service Plan Updates.

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V. ASSESSMENT PLAN

A. INTRODUCTION

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

For purposes of this Service and Assessment Plan, the Town Council has determined that the Budgeted Costs of the Authorized Improvements shall be allocated as described below:

1. The Authorized Improvement Costs shall be allocated on the basis of Equivalent Units once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The Town Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the Town Council has taken into consideration (i) the type of development (i.e., residential, commercial, etc.), (ii) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (iii) current and projected home prices provided by the Developer, (iv) the Authorized Improvements to be provided and the estimated costs, and (v) the ability of different property types to utilize and benefit from the Authorized Improvements.
3. The Assessed Property is classified into different Lot Types as described in Appendix F based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Lot Type based on the relative value of each Lot Type.

This section of this Service and Assessment Plan (i) describes the special benefit received by each Parcel within the Assessed Property as a result of the Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments levied or to be levied on the Assessed Property, and (iii) establishes the methodologies by which the Town Council allocates and reallocates the special benefit of the Authorized Improvements to the Assessed Property in a manner that results in equal shares of the

Actual Costs of such improvements being apportioned to the Assessed Property similarly benefited. The determination by the Town Council of the assessment methodologies set forth below is the result of the discretionary exercise by the Town Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

B. SPECIAL BENEFIT

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

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

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the Assessed Property and has determined that the highest and best use of the Assessed Property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The special assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax.

As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-exempt bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer's option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the Town Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the Town Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the Town Council.

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

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

C. ASSESSMENT METHODOLOGY

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

1. Assessment Methodology for the Authorized Improvements

For purpose of this Service and Assessment Plan, the Town Council has determined that the Budgeted Costs of the Authorized Improvements to be financed with the Bonds shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units anticipated to be developed on each Parcel within the PID.

Based on the Budgeted Costs of the Authorized Improvements, as set forth in Table III-A, the Town Council has determined that the benefit to the Assessed Property of the Authorized Improvements is at least equal to the Assessments levied on the Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units of all Lots in the platted Parcel, as calculated and shown in Appendix F using the types, number and average home value of Lots anticipated to be developed on each Parcel.

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

D. ASSESSMENTS

The Assessments are being levied on each Parcel according to the Assessment Roll, attached hereto as Appendix G. The Annual Installments of the Assessments will be collected at the time and in the amounts shown on the Assessment Roll, subject to any revisions made during an Annual Service Plan Update.

See Appendix F for Assessment per unit, leverage, and estimated tax rate equivalent calculation details.

E. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates. The first year's Administrative Expenses are expected to be paid from the proceeds of the Series 2022 PID Bonds, as shown in Table IV-A.

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F. ADDITIONAL INTEREST RESERVE

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds by no more than one half of one percent (0.50%), the Additional Interest. The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds, with the Additional Interest Component of the Annual Installments allocated to fund a reserve to be used for paying interest associated with a prepayment and to offset any possible delinquency related costs and/or as described in the Trust Indenture, the Additional Interest Reserve. The Additional Interest Reserve shall be funded until it reaches 5.50% of the outstanding Bonds unless otherwise stipulated in the Bond documents. Once the Additional Interest Reserve is funded in full, the Town may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE PID

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

The Annual Installments shall be collected from the Assessed Property in an amount sufficient to pay (i) principal and interest on the Series 2022 PID Bonds, (ii) to fund the Additional Interest Reserve described in Section V, and (iii) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel in the PID shall be calculated by taking into consideration any available capitalized interest applicable to the Parcel.

B. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated total Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated total Equivalent units to be built on all of the new subdivided Parcels

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

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

2. Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the Town Council.

C. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the Town the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.
2. If at any time the Assessment per unit on a Parcel exceeds the applicable Maximum Assessment Per Unit shown in this Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the Town prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per unit for the Parcel exceeds the applicable Maximum Assessment per Unit calculated in this Service and Assessment Plan.
3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

D. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs of the Authorized Improvements used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the Town Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the Town may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If all the Authorized Improvements are not undertaken, resulting in excess Bond proceeds being available to redeem Bonds, and such excess Bond proceeds shall be applied to redeem Bonds as provided in the Indenture, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the Town Council to reflect only the amounts required to repay the Bonds, including interest on the Bonds and Administrative Expenses. The Town Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on number of units, if determined by the Town Council to be the most fair and practical means of reducing the Assessments for each Parcel, and in accordance with the Trust Indenture, such that the sum of the resulting reduced Assessments equals the amount required to repay the Bonds, including interest on the Bonds and Administrative Expenses. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the Bonds is equal to the outstanding principal amount of the Bonds.

E. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the Trust Indenture, net of any other costs applicable to the redemption of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the Town shall deposit the payment in accordance with the Trust Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the Town to collect interest, Administrative Expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual

Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Additional Interest Reserve. Payment of the Annual Installments shall commence with tax bills mailed after the issuance of the Bonds.

Each Assessment levied against the Assessed Property shall be paid with interest of no more than the actual interest rate paid on the Series 2022 PID Bonds and Additional Interest; the Assessment Roll sets forth for each year the Annual Installment for each parcel based on an interest rate of 6.000% in years 1 through 5 (2023-2027), 6.125% in years 6 through 10 (2028-2032), and 6.875% in years 11 through 30 (2033-2052) on the Series 2022 PID Bonds and Additional Interest at the rate of 0.5% for the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Assessment Roll, as shown in Appendix G.

The Annual Installments shall be reduced to equal the Actual Costs of repaying the Series 2022 PID Bonds and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The Town reserves and shall have the right and option to refund the Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

F. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the Town Council shall consider, 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. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, including capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, and including any existing deposits to a prepayment reserve. Annual Installments shall be collected by the Town in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the Town. The Town Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the Act.

Any sale of Assessed Property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof

fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the initial Annual Installments relating to the Authorized Improvements that benefit the Assessed Property will be due when billed and will be delinquent if not paid prior to February 1, 2024.

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VII. THE ASSESSMENT ROLL

A. ASSESSMENT ROLL

The Town Council has evaluated each Parcel in the PID based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the Town Council to determine the amount of Assessed Property within the PID.

The Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Authorized Improvements. Table VII-A summarizes the \$17,816,920 in special benefit received by the Assessed Property from the Authorized Improvements, including costs of PID formation and administration and the Series 2022 PID Bonds issuance costs. The par amount of the Series 2022 PID Bonds is \$16,288,000 which is less than the benefit received by the Assessed Property. Accordingly, the total Assessment to be applied to all the Assessed Property is \$16,288,000, which will be collected in addition to interest thereon plus the Additional Interest and annual Administrative Expenses. The Assessment for each Assessed Property is calculated based on the allocation methodologies described in Section V.C. The Assessment Roll is attached hereto as Appendix G.

Table VII-A
Special Benefit Summary

Special Benefit	Total Cost
Total Authorized Improvements ⁽¹⁾	\$14,331,457
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$751,520
Capitalized interest	\$853,641
Reserve fund	\$1,331,663
Administrative Expense	\$60,000
Underwriter's discount	\$488,640
<i>Subtotal Bond Issuance Costs</i>	<i>\$3,485,464</i>
Total Special Benefit	\$17,816,920
Special Benefit:	
Total Special Benefit	\$17,816,920
Projected Assessment	\$16,288,000
Excess Benefit	\$1,528,920

¹See Table III-A for details.

B. ANNUAL ASSESSMENT ROLL UPDATES

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

Once Bonds are issued, the Assessment Roll shall be updated, which update may be done in the next Annual Service Plan Update, to reflect any changes resulting from the issuance of the Bonds. This update shall reflect the actual interest on the Bonds on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the Bonds and Developer funds.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

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

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the Town not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

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

The decision of the Administrator, or if such decision is appealed to the Town Council, the decision of the Town Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the Town shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination".

C. AMENDMENTS

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

The Town Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:

(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Collection Costs, and other charges imposed by the Service and Assessment Plan, and (iv) as may be required by the Attorney General of Texas in connection with the issuance of any series of Bonds.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

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

E. SEVERABILITY

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

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

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APPENDIX A
PID MAP

Existing Phases

DATA TABLE		
Residential Type:	Lots	Acres
Phase 1	169	62.3
60'x 120' Lot	41	
80'x 135' Lot	210	
Total Lots	210	
Phase 2A	154	51.9
60'x 120' Lot	154	
Total Lots	154	
Phase 3	126	80.7
3A 40'x 100' Lot	126	24.2
3A 50'x 115' Lot	14	
3B 40'x 100' Lot	118	28.5
3B 50'x 115' Lot	21	
3C 40'x 100' Lot	142	28.0
3C 50'x 115' Lot	8	
Total Lots	429	

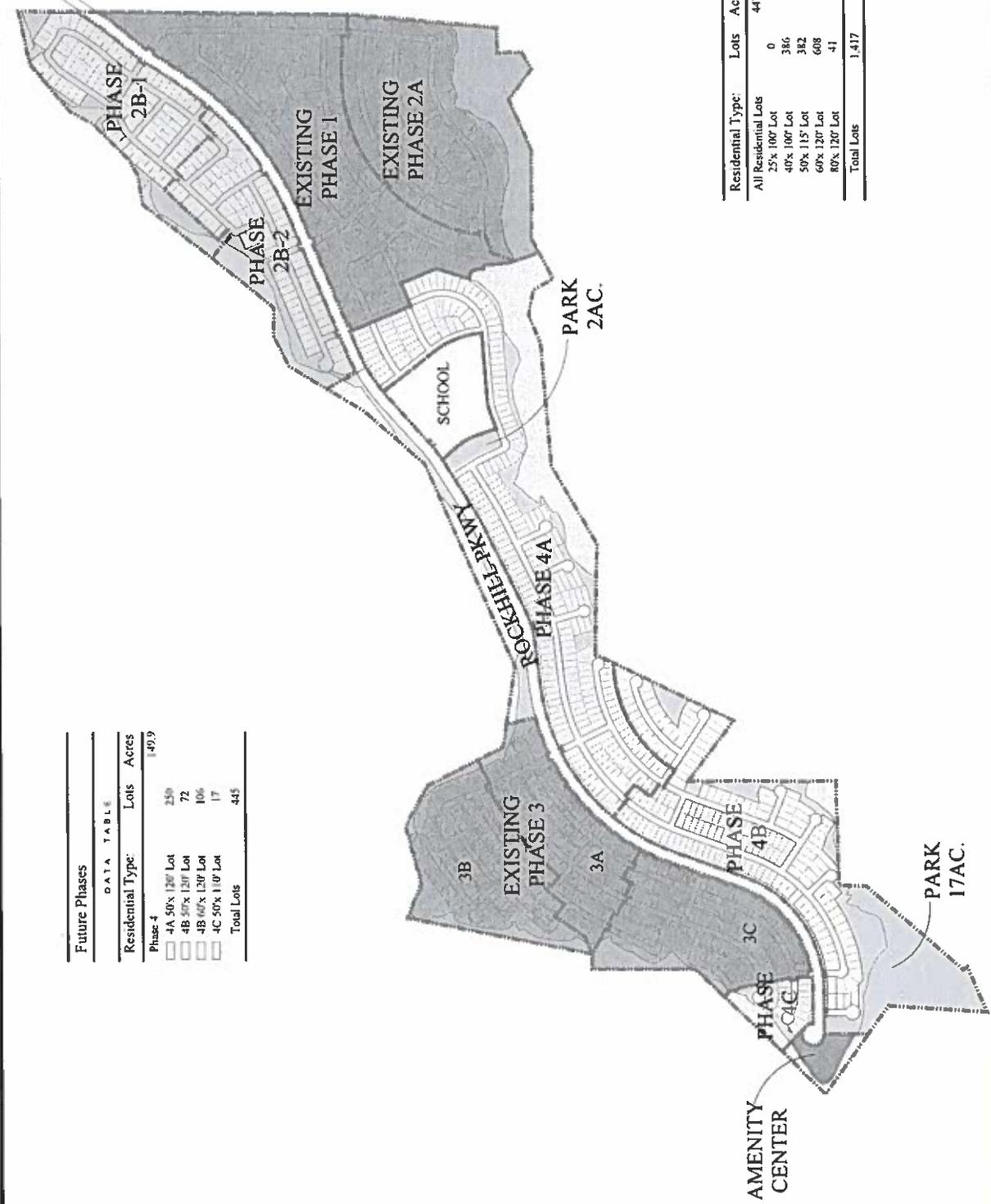
Future Phases

DATA TABLE		
Residential Type:	Lots	Acres
Phase 4	250	140.9
4A 50'x 120' Lot	72	
4B 50'x 120' Lot	106	
4B 60'x 120' Lot	17	
4C 50'x 110' Lot	55	
Total Lots	250	

Proposed Phase 2B - Amendment No. 6

DATA TABLE		
Residential Type:	Lots	Acres
Phase 2B	179	57.7
2B-1 60'x 120' Lot	89	28.8
2B-2 60'x 120' Lot	90	28.9
Total Lots	179	

Residential Type:	Lots	Acres
All Residential Lots	0	447.9
25'x 100' Lot	386	
40'x 100' Lot	382	
50'x 115' Lot	608	
60'x 120' Lot	41	
Total Lots	1,417	





LEGEND	
ROW	RIGHT-OF-WAY
VOL., PG.	VOLUME, PAGE
INST. NO.	INSTRUMENT NUMBER
RPRDCT	REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS
PRDCT	PLAT RECORDS, DENTON COUNTY, TEXAS

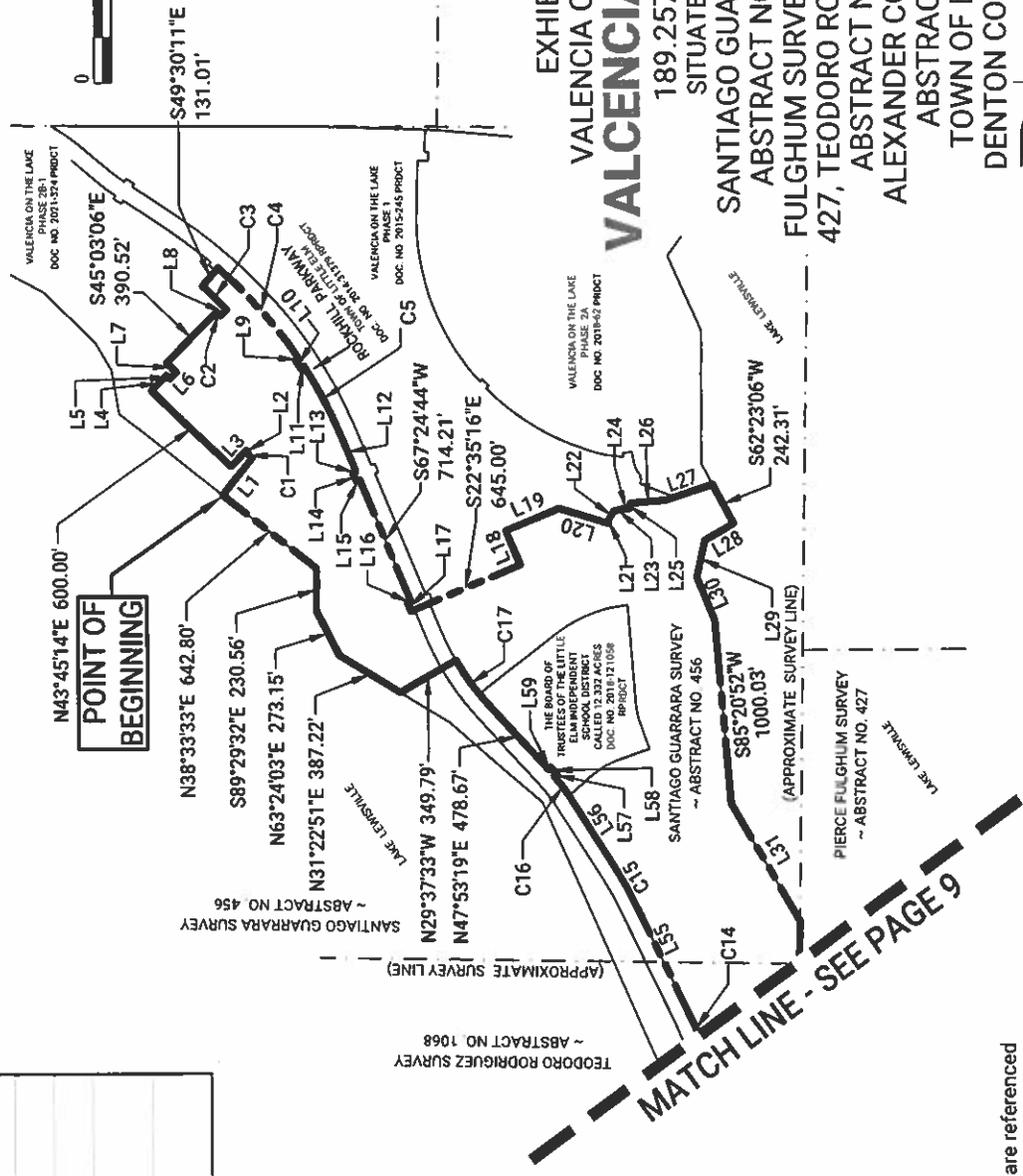
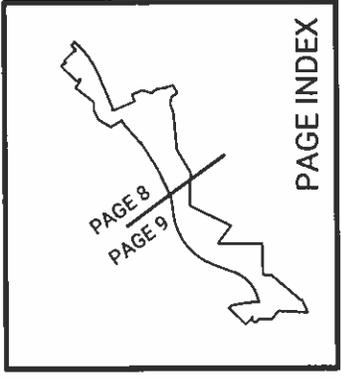


EXHIBIT "A"
VALENCIA ON THE LAKE
VALENCIA PID NO. 2

189.257 ACRES
 SITUATED IN THE

SANTIAGO GUARRARA SURVEY,
 ABSTRACT NO. 456, PIERCE
 FULGHUM SURVEY, ABSTRACT NO.
 427, TEODORO RODRIGUEZ SURVEY,
 ABSTRACT NO. 1068 AND
 ALEXANDER COOPER SURVEY,
 ABSTRACT NO. 250

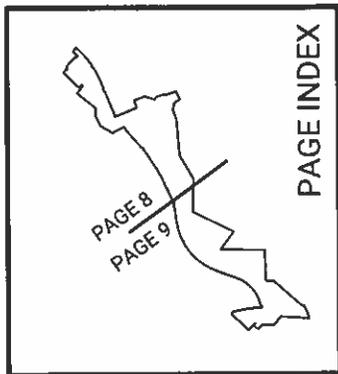
TOWN OF LITTLE ELM,
 DENTON COUNTY, TEXAS



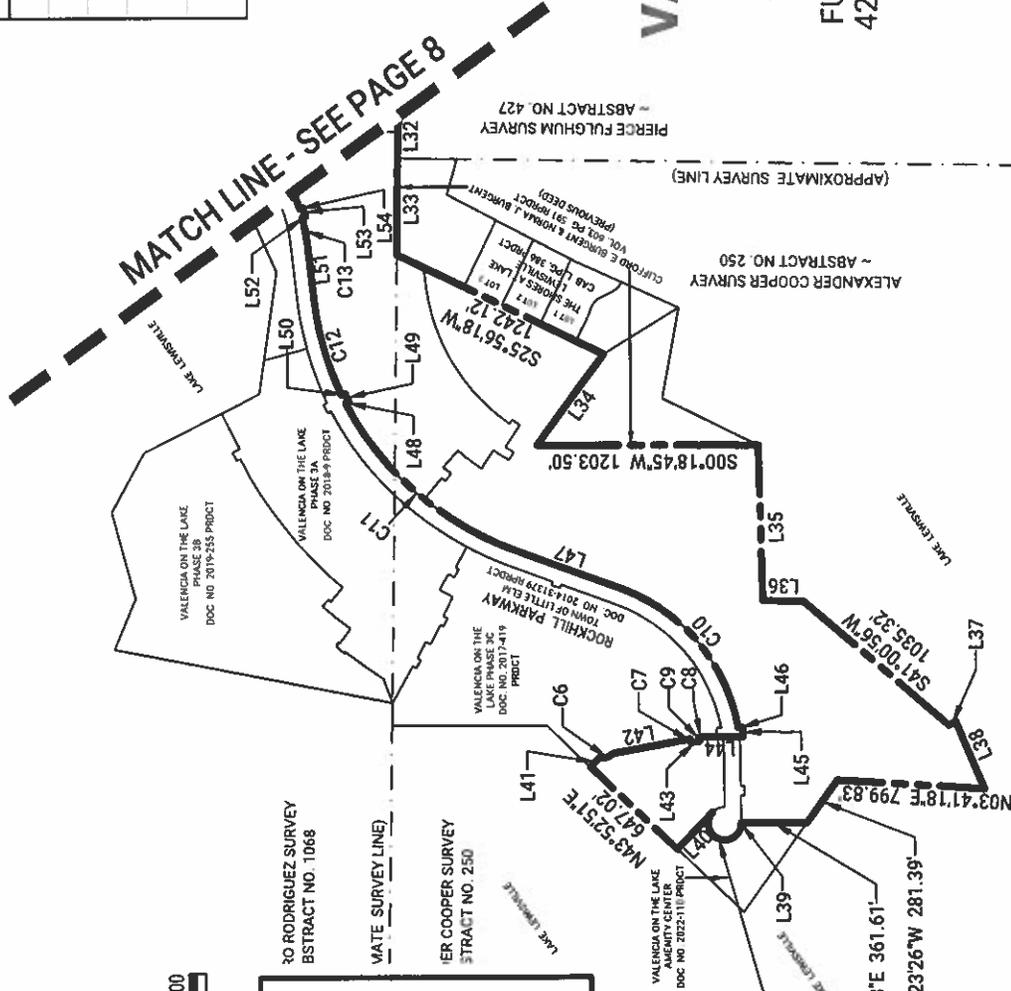
TBPLS FIRM REG. NO. 10194538
 TBPE FIRM REG. NO. 20683
 801 East Campbell Road, Ste. 650
 Richardson, Texas 75081
 TELEPHONE - (214)-484-7055
 PROJECT NO. 2019-004
 DATE June 2022

"This document was prepared under 22 Texas Administrative Code §138.95, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

- NOTES:**
1. The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 ~ North Central Zone No. 4202 - NAD 83. (All distances are surface distances with a surface to grid scale factor of 0.999849392677).
 2. There are no improvements, easements or floodplain lines shown or referenced on this exhibit.
 3. A description of even date attached hereto.
 4. Corner Monuments referenced in the attached description are not shown plotted hereon.



LEGEND	
ROW	RIGHT-OF-WAY
VOL., PG.	VOLUME, PAGE
INST. NO.	INSTRUMENT NUMBER
RPRDCT	REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS
PRDCT	PLAT RECORDS, DENTON COUNTY, TEXAS



NOTES:

1. The bearings shown and recited hereon are referenced to the Texas Coordinate System of 1983 ~ North Central Zone No. 4202 - NAD 83. (All distances are surface distances with a surface to grid scale factor of 0.999849392677).
2. There are no improvements, easements or floodplain lines shown or referenced on this exhibit.
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EXHIBIT "A"
VALENCIA ON THE LAKE
VALCENCIA PID NO. 2

189.257 ACRES
SITUATED IN THE

SANTIAGO GUARRARA SURVEY,
ABSTRACT NO. 456, PIERCE
FULGHUM SURVEY, ABSTRACT NO.
427, TEODORO RODRIGUEZ SURVEY,
ABSTRACT NO. 1068 AND
ALEXANDER COOPER SURVEY,
ABSTRACT NO. 250

TOWN OF LITTLE ELM,
DENTON COUNTY, TEXAS



BARRAZA
CONSULTING GROUP, LLC
TBPLS FIRM REG. NO. 10194538
TBPE FIRM REG. NO. 20683
801 East Campbell Road, Ste. 650
Richardson, Texas 75081
TELEPHONE - (214)-484-7055
PROJECT NO. 2019-004
DATE June 2022

APPENDIX B
BUDGETED COSTS OF AUTHORIZED IMPROVEMENTS

APPENDIX C
LEGAL DESCRIPTION

VALENCIA ON THE LAKE
VALENCIA PID NO. 2
189.257 ACRES

BEING that certain tract of land situated in the Santiago Guarrara Survey, Abstract No. 456, the Alexander Cooper Survey, Abstract No. 250, the Pierce Fulghum Survey, Abstract No. 427, and the Teodoro Rodriguez Survey, Abstract No. 1068, in the Town of Little Elm, Denton County, Texas, and being all of that certain called 13.874 acre tract of land described as Tract I (Part of Phase 2B2), all of that certain called 139.705 acre tract of land described as Tract II (Phases 4A and 4B), and all of that certain called 6.097 acre tract of land described as Tract III (Phase 4C) in Deed to Valencia on the Lake 2B2 and 4, LLC recorded in Document Number 2021-157901, of the Real Property Records of Denton County, Texas (RPRDCT), all of that certain called 15.145 acre tract of land described in Deed to Valencia on the Lake 2B2 and 4, LLC recorded in Document Number 2021-157902, RPRDCT, all of that certain called 12.332 acre tract of land described in Deed to The Board of Trustees of the Little Elm Independent School District recorded in Document No. 2018-121058, RPRDCT, and part of that certain tract of land described in deed to the Town of Little Elm (Rockhill Parkway - called 90 foot right-of-way) recorded in Document No. 2014-31379, RPRDCT, and including an 0.026 acre portion of the called 50-foot right-of-way of Barx Drive, dedicated according to Valencia on the Lake Phase 3C, an addition to The Town of Little Elm according to Final Plat recorded in Document Number 2017-419 RPRDCT, and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod with cap stamped "BCG 10194538" found at the most westerly corner of Valencia on the Lake Phase 2B-1, an Addition to the Town of Little Elm Texas according to Final Plat recorded in Document No. 2021-324, of the Plat Records of Denton County, Texas (PRDCT), said iron rod also being located on the southerly line of the "Take Line" of Lake Lewisville;

THENCE leaving said "Take Line", and with the southwesterly line of said Valencia on the Lake Phase 2B-1, the following courses to 5/8-inch iron rods with cap stamped "BCG 10194538" found for corner:

South 51°26'27" East, a distance of 257.14 feet to the beginning of a non-tangent curve to the right;

Northeasterly, with said curve which has a central angle of 43°47'33", a radius of 60.00 feet, a chord which bears North 55°24'53" East, a chord distance of 44.75 feet, and an arc distance of 45.86 feet to the end of said curve;

North 43°45'14" East, a distance of 7.48 feet;

North 46°14'46" West, a distance of 120.00 feet;

North 43°45'14" East, a distance of 600.00 feet;

South 46°14'46" East, a distance of 120.00 feet;

South 43°45'14" West, a distance of 30.00 feet;

South 46°14'46" East, a distance of 50.00 feet;

North 43°45'14" East, a distance of 74.94 feet;

South 45°03'06" East, a distance of 390.52 feet to the beginning of a non-tangent curve to the right;

Southwesterly, with said curve which has a central angle of 00°45'33", a radius of 2264.00 feet, a chord which bears South 45°19'41" West, a chord distance of 30.00 feet, and an arc distance of 30.00 feet to the end of said curve;

South 44°17'32" East, a distance of 50.00 feet to being the beginning of a non-tangent curve to the left;

And northeasterly, with said curve which has a central angle of $04^{\circ}35'30''$, a radius of 2314.00 feet, a chord which bears North $43^{\circ}24'43''$ East, a chord distance of 185.39 feet, and an arc distance of 185.44 feet to the end of said curve;

THENCE South $49^{\circ}30'11''$ East, passing at a distance of 111.01 feet a 5/8-inch iron rod with cap stamped "BCG 10194538" found at a southwest corner of said Valencia on the Lake Phase 2B-1, and continuing with a southwest line of said Rockhill Parkway, in all, a total distance of 131.01 feet to a point for corner located at the beginning of a non-tangent curve to the right;

THENCE with the northerly right-of-way line of said Rockhill Parkway, the following courses to 5/8-inch iron rods with cap stamped "BCG 10194538" found for corner:

Southwesterly, with said curve which has a central angle of $15^{\circ}31'47''$, a radius of 2445.00 feet, a chord which bears South $48^{\circ}50'51''$ West, a chord distance of 660.67 feet, and an arc distance of 662.70 feet to the end of said curve;

North $33^{\circ}30'17''$ West, a distance of 20.00 feet;

South $57^{\circ}12'14''$ West, a distance of 50.00 feet;

South $33^{\circ}30'17''$ East, a distance of 20.00 feet, said iron rod being the beginning of a non-tangent curve to the right;

Southwesterly, with said curve which has a central angle of $09^{\circ}37'40''$, a radius of 2445.00 feet, a chord which bears South $62^{\circ}35'53''$ West, a chord distance of 410.37 feet, and an arc distance of 410.85 feet to the end of said curve;

South $67^{\circ}24'44''$ West, a distance of 231.77 feet;

North $22^{\circ}35'16''$ West, a distance of 20.00 feet;

South $67^{\circ}24'44''$ West, a distance of 50.00 feet;

South $22^{\circ}35'16''$ East, a distance of 20.00 feet;

South $67^{\circ}24'44''$ West, a distance of 714.21 feet;

North $22^{\circ}35'16''$ West, a distance of 20.00 feet;

And South $67^{\circ}24'44''$ West, a distance of 50.00 feet;

THENCE South $22^{\circ}35'16''$ East, passing at a distance of 20.00 feet a 5/8-inch iron rod with cap stamped "BCG 10194538" found on said northerly right-of-way line of Rockhill Parkway, continuing over and across said Rockhill Parkway, passing at a distance of 110.00 feet an "X" cut in concrete found at the northeast corner of said called 139.705 acre tract of land described as Tract II (Phases 4A and 4B), passing at a distance of 140.00 feet a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found at the most westerly northwest corner of Valencia on the Lake Phase 1, an Addition to the Town of Little Elm Texas according to Final Plat recorded in Document No. 2015-245, PRDCT, continuing with the southwesterly line of said Valencia on the Lake Phase 1, in all, a total distance of 645.00 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner;

THENCE with said southwesterly line of Valencia on the Lake Phase 1, the following courses to 5/8-inch iron rods with cap stamped "PETITT-RPLS 4087" found for corner:

North $67^{\circ}24'44''$ East, a distance of 200.32 feet;

South $22^{\circ}35'16''$ East, a distance of 312.29 feet;

South 17°05'19" West, a distance of 283.91 feet;

South 85°49'57" East, a distance of 23.24 feet;

South 60°11'21" East, a distance of 50.30 feet;

South 14°40'15" East, a distance of 50.96 feet;

South 00°02'26" West, a distance of 39.41 feet;

South 83°27'48" East, a distance of 31.28 feet;

South 04°48'46" East, a distance of 195.51 feet;

THENCE South 18°25'34" East, passing at a distance of 51.10 feet the southwest corner of said Valencia on the Lake Phase 1, and continuing with the westerly line of Valencia on the Lake Phase 2A, an Addition to the Town of Little Elm, Texas according to Final Plat recorded in Document Number 2018-62, PRDCT, in all, a total distance of 267.83 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the southwest corner of said Valencia on the Lake Phase 2A, and being located on the northerly "Take Line" of said Lake Lewisville;

THENCE with said northerly "Take Line" of Lake Lewisville, the following courses:

South 62°23'06" West, a distance of 242.31 feet to a U.S.A.C.O.E. Fence Post Marked JP-5E found for corner;

North 30°02'10" West, a distance of 182.02 feet to a U.S.A.C.O.E. Fence Post Marked JP-5F found for corner;

North 77°58'31" West, a distance of 203.63 feet to a U.S.A.C.O.E. Fence Post Marked JP-5G found for corner;

South 67°53'16" West, a distance of 253.98 feet to a U.S.A.C.O.E. Monument Marked J-809-2-3 found for corner;

South 85°20'52" West, a distance of 1000.03 feet to a U.S.A.C.O.E. Monument Marked J-809-2-2 found for corner;

South 60°04'23" West, a distance of 742.15 feet to a U.S.A.C.O.E. Monument Marked J-809-2-1 found for corner;

And North 88°13'22" West, a distance of 373.76 feet to a U.S.A.C.O.E. Monument (disturbed) found for the northeast corner of that certain tract of land described in deed to Clifford E. Burgent and Norma J. Burgent recorded in Volume 603, Page 591, RPRDCT;

THENCE North 89°11'54" West, with a northerly line of said Burgent tract, a distance of 526.42 feet to a 1/2-inch iron rod found for corner;

THENCE South 25°56'18" West, with a westerly line of said Burgent tract, a distance of 1242.12 feet to a 1-inch iron rod found at an "ell" corner of said Burgent tract;

THENCE North 53°26'05" West, with a northerly line of said Burgent tract, a distance of 613.52 feet to a 1-inch iron rod found at the most northerly corner of said Burgent tract;

THENCE South 00°18'45" West, with the west line of said Burgent tract, a distance of 1203.50 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found on said northerly "Take Line" of Lake Lewisville;

THENCE with the northerly "Take Line" of Lake Lewisville, the following courses:

South 88°44'53" West, a distance of 850.88 feet to a U.S.A.C.O.E. Monument Marked H-723-A found for corner;



COMMUNITY NAME: Valencia on the Lake
PHASE: 2B2 & 4
CITY OR TOWN: Town of Little Elm, Denton County, Texas

ACREAGE:	174.774
TOTAL LOTS:	535
CREATED:	07/26/22

COST SUMMARY - FUTURE PHASE 2B2 AND PHASE 4 BONDS

DIRECT COSTS	PER LOT COST	ITEM COST
GRADING - RIGHT OF WAY	\$739	\$395,401.86
WATER IMPROVEMENTS	\$3,128	\$1,673,301.50
SANITARY SEWER IMPROVEMENTS	\$2,556	\$1,367,548.30
STORM DRAINAGE IMPROVEMENTS	\$2,654	\$1,420,022.20
PAVING IMPROVEMENTS	\$11,770	\$6,297,077.00
OFFSITE UTILITY IMPROVEMENTS	\$1,666	\$891,510.00
SOFT COST IMPROVEMENTS	\$2,956	\$1,581,595.83
DISTRICT FORMATION	\$1,318	\$705,000.00
TOTAL DIRECT COST	\$26,788	\$14,331,456.69

South $01^{\circ}32'31''$ West, a distance of 224.05 feet to a 1/2-inch iron rod found for corner;

South $41^{\circ}00'56''$ West, a distance of 1035.32 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner;

South $31^{\circ}43'14''$ East, a distance of 42.77 feet to a U.S.A.C.O.E. Monument Marked H-725-6 found for corner;

South $67^{\circ}02'07''$ West, a distance of 399.58 feet to a U.S.A.C.O.E. Monument Marked H-725-5 found for corner;

North $03^{\circ}41'18''$ East, a distance of 799.83 feet to a U.S.A.C.O.E. Monument Marked H-725-4 found for corner;

And North $54^{\circ}23'26''$ West, a distance of 281.39 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" found for corner at the south corner of Valencia on the lake Amenity Center, an addition to the Town of Little Elm according to Final Plat recorded in Document No. 2022-110, PRDCT;

THENCE North $00^{\circ}00'03''$ East, leaving said "Take Line" of Lake Lewisville, and with the east line of said Valencia on the lake Amenity Center, a distance of 361.61 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" found for corner on the southerly right-of-way line of said Rockhill Parkway;

THENCE North $89^{\circ}59'57''$ West, with said southerly right-of-way line of Rockhill Parkway, a distance of 1.93 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the beginning of a tangent curve to the right;

THENCE northeasterly, with the westerly right-of-way line of Rockhill Parkway, and with said curve which has a central angle of $223^{\circ}52'46''$, a radius of 90.00 feet, a chord which bears North $21^{\circ}56'26''$ East, a chord distance of 166.96 feet, and an arc distance of 351.67 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the most easterly corner of said Valencia on the Lake Amenity Center;

THENCE North $46^{\circ}07'09''$ West, with the northeast line of said Valencia on the Lake Amenity Center, a distance of 278.39 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner on the southeasterly line of said "Take Line" of Lake Lewisville;

THENCE North $43^{\circ}52'51''$ East, with said southeasterly "Take Line" of Lake Lewisville, a distance of 647.02 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the most westerly corner of Valencia on the Lake Phase 3C, an Addition to The Town of Little Elm according to Final Plat recorded in Document Number 2017-419 RPRDCT;

THENCE with the southwesterly line of said Valencia on the Lake Phase 3C, the following courses:

South $46^{\circ}07'09''$ East, a distance of 74.59 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the beginning of a non-tangent curve to the left;

And southeasterly, with said curve which has a central angle of $68^{\circ}20'56''$, a radius of 65.00 feet, a chord which bears South $15^{\circ}58'22''$ East, a distance of 73.02 feet, and an arc distance of 77.54 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner;

THENCE South $10^{\circ}25'55''$ East, continuing with the southwesterly line of said Valencia on the Lake Phase 3C, and over and across said right-of-way of Barx Drive, dedicated according to Valencia on the Lake Phase 3C, a distance of 423.55 feet to an "X" cut in concrete found for corner at the beginning of a non-tangent curve to the right;

THENCE with said southwesterly line of Valencia on the Lake Phase 3C, the following courses:

Southwesterly, with said curve which has a central angle of $01^{\circ}35'54''$, a radius of 717.00 feet, a chord which bears South $82^{\circ}21'55''$ West, a distance of 20.00 feet, and an arc distance of 20.00 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner;

South $06^{\circ}50'08''$ East, a distance of 50.00 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the beginning of a non-tangent curve to the left;

Northeasterly, with said curve which has a central angle of $01^{\circ}39'45''$, a radius of 767.00 feet, a chord which bears North $82^{\circ}19'59''$ East, a distance of 22.26 feet, and an arc distance of 22.26 feet to the end of said curve, an "X" cut in concrete found for corner at the beginning of a non-tangent curve to the right;

And southeasterly, with said curve which has a central angle of $05^{\circ}21'24''$, a radius of 225.00 feet, a chord which bears South $02^{\circ}40'39''$ East, a distance of 21.03 feet, and an arc distance of 21.04 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found or corner;

THENCE South $00^{\circ}00'03''$ West, passing at a distance of 108.08 feet a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found at the southeast corner of said Tract III (Phase 4C), located on the northerly right-of-way line of Rockhill Parkway, continuing over and across said Rockhill Parkway, in all, a total distance of 219.51 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner on said southerly right-of-way line of Rockhill Parkway;

THENCE with said southerly right-of-way line of Rockhill Parkway, the following courses:

South $89^{\circ}59'57''$ East, a distance of 50.00 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner;

North $00^{\circ}00'03''$ East, a distance of 27.91 feet to an "X" cut in concrete found for corner at the beginning of a non-tangent curve to the left;

Northeasterly, with said curve which has a central angle of $60^{\circ}07'30''$, a radius of 985.00 feet, a chord which bears North $50^{\circ}20'02''$ East, a distance of 986.86 feet, and an arc distance of 1033.64 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner;

North $20^{\circ}16'17''$ East, a distance of 616.39 feet to a 5/8-inch iron rod with cap stamped "PETITT-RPLS 4087" found for corner at the beginning of a tangent curve to the right;

Northeasterly, with said curve which has a central angle of $42^{\circ}44'37''$, a radius of 1665.00 feet, a chord which bears North $41^{\circ}38'36''$ East, a chord distance of 1213.51 feet, and an arc distance of 1242.12 feet to the end of said curve, a 5/8-inch iron rod with cap stamped "BCG 10194538" found for corner;

South $26^{\circ}05'42''$ East, a distance of 20.00 feet;

North $63^{\circ}52'30''$ East, a distance of 50.00 feet;

North $26^{\circ}05'42''$ West, a distance of 20.00 feet, said iron rod being the beginning of a non-tangent curve to the right;

Northeasterly, with said curve which has a central angle of $18^{\circ}47'50''$, a radius of 1665.00 feet, a chord which bears North $74^{\circ}08'04''$ East, a distance of 543.80 feet, and an arc distance of 546.25 feet to the end of said curve;

North $83^{\circ}31'59''$ East, a distance of 302.69 feet, said iron rod being the beginning of a tangent curve to the left;

Northeasterly, with said curve which has a central angle of $08^{\circ}12'08''$, a radius of 995.00 feet, a chord which bears North $79^{\circ}25'55''$ East, a distance of 142.32 feet, and an arc distance of 142.44 feet to the end of said curve;

South 16°06'32" East, a distance of 20.00 feet;

North 73°53'28" East, a distance of 50.00 feet;

North 16°06'32" West, a distance of 20.00 feet, said iron rod being the beginning of a non-tangent curve to the left;

Northeasterly, with said curve which has a central angle of 08°16'25", a radius of 995.00 feet, a chord which bears North 68°18'52" East, a distance of 143.55 feet, and an arc distance of 143.68 feet to the end of said curve;

North 64°10'40" East, a distance of 689.07 feet, said iron rod being the beginning of a tangent curve to the left;

Northeasterly, with said curve which has a central angle of 06°36'01", a radius of 1845.00 feet, a chord which bears North 60°52'40" East, a distance of 212.42 feet, and an arc distance of 212.54 feet to the end of said curve;

North 57°34'39" East, a distance of 457.24 feet, said iron rod being the beginning of a tangent curve to the left;

Northeasterly, with said curve which has a central angle of 08°14'55", a radius of 1045.00 feet, a chord which bears North 53°27'12" East, a chord distance of 150.32 feet, and an arc distance of 150.44 feet to the end of said curve,

South 42°02'31" East, a distance of 20.00 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for corner;

North 48°16'01" East, a distance of 50.00 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for corner;

North 42°02'31" West, a distance of 20.00 feet to an "X" cut in concrete found for corner;

North 47°53'19" East, a distance of 478.67 feet to a 5/8-inch iron rod with cap marked "PETITT-RPLS 4087" found for corner at the beginning of a tangent curve to the right;

And northeasterly, with said curve which has a central angle of 12°29'10", a radius of 1355.00 feet, a chord which bears North 54°07'54" East, a chord distance of 294.70 feet, and an arc distance of 295.29 feet to the end of said curve;

THENCE North 29°37'33" West, over and across said right-of-way of Rockhill Parkway, passing at a distance of 90.00 feet the southwest corner of said called 13.874 acre tract of land described as Tract I (Part of Phase 2B2), continuing with the southwest line of said Tract I, in all, a total distance of 349.79 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" found for corner on said southerly "Take Line" of Lake Lewisville, from which a U.S.A.C.O.E. monument marked J-809-1/3 found bears South 31°22'51" West, a distance of 313.07 feet;

THENCE with said southerly "Take Line", the following courses:

North 31°22'51" East, a distance of 387.22 feet to a U.S.A.C.O.E. monument marked J-809-2 found for corner;

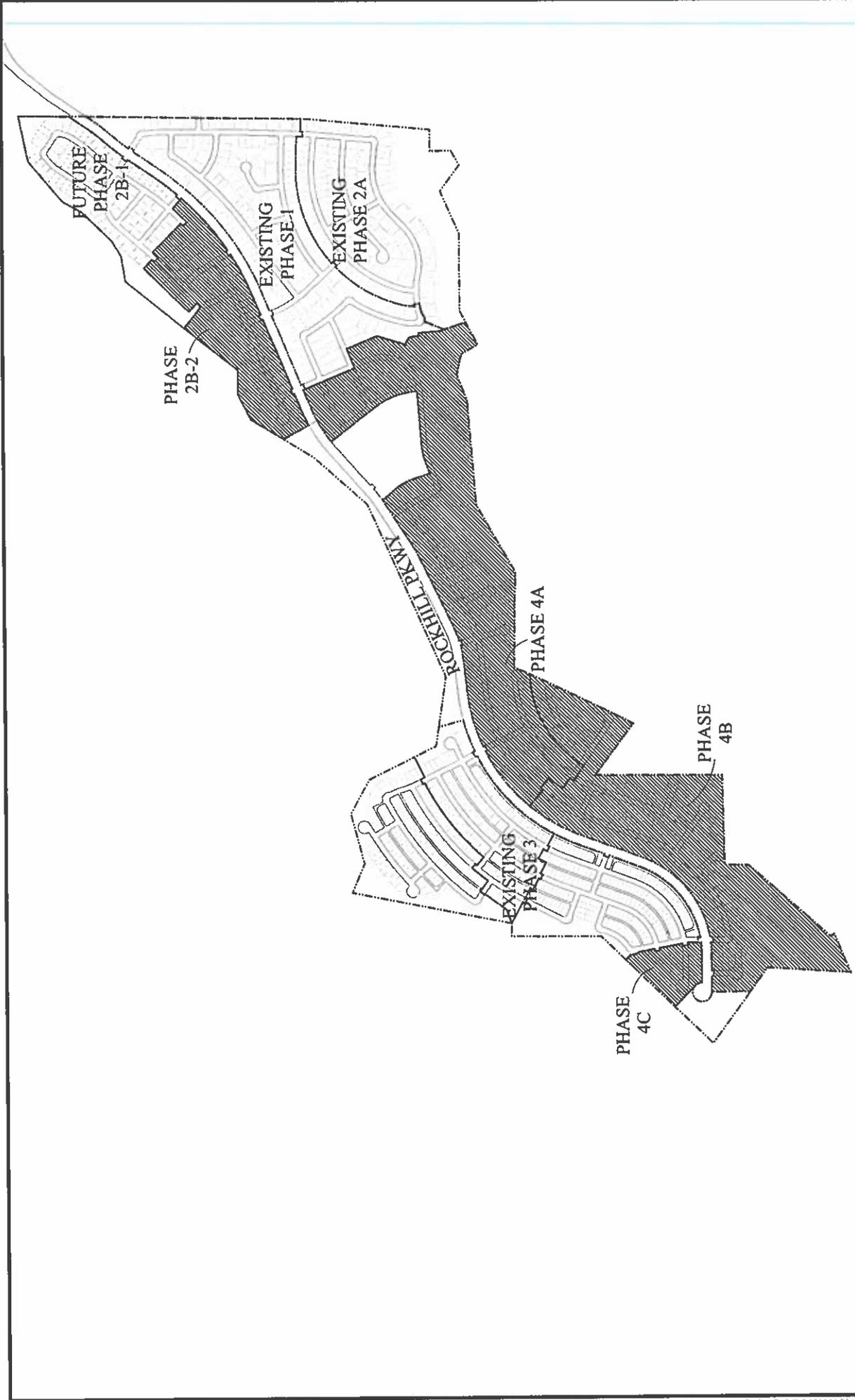
North 63°24'03" East, a distance of 273.15 feet to a U.S.A.C.O.E. monument marked J-840-1 found for corner;

South 89°29'32" East, a distance of 230.56 feet to a 5/8-inch iron rod with cap stamped "BCG 10194538" found for corner;

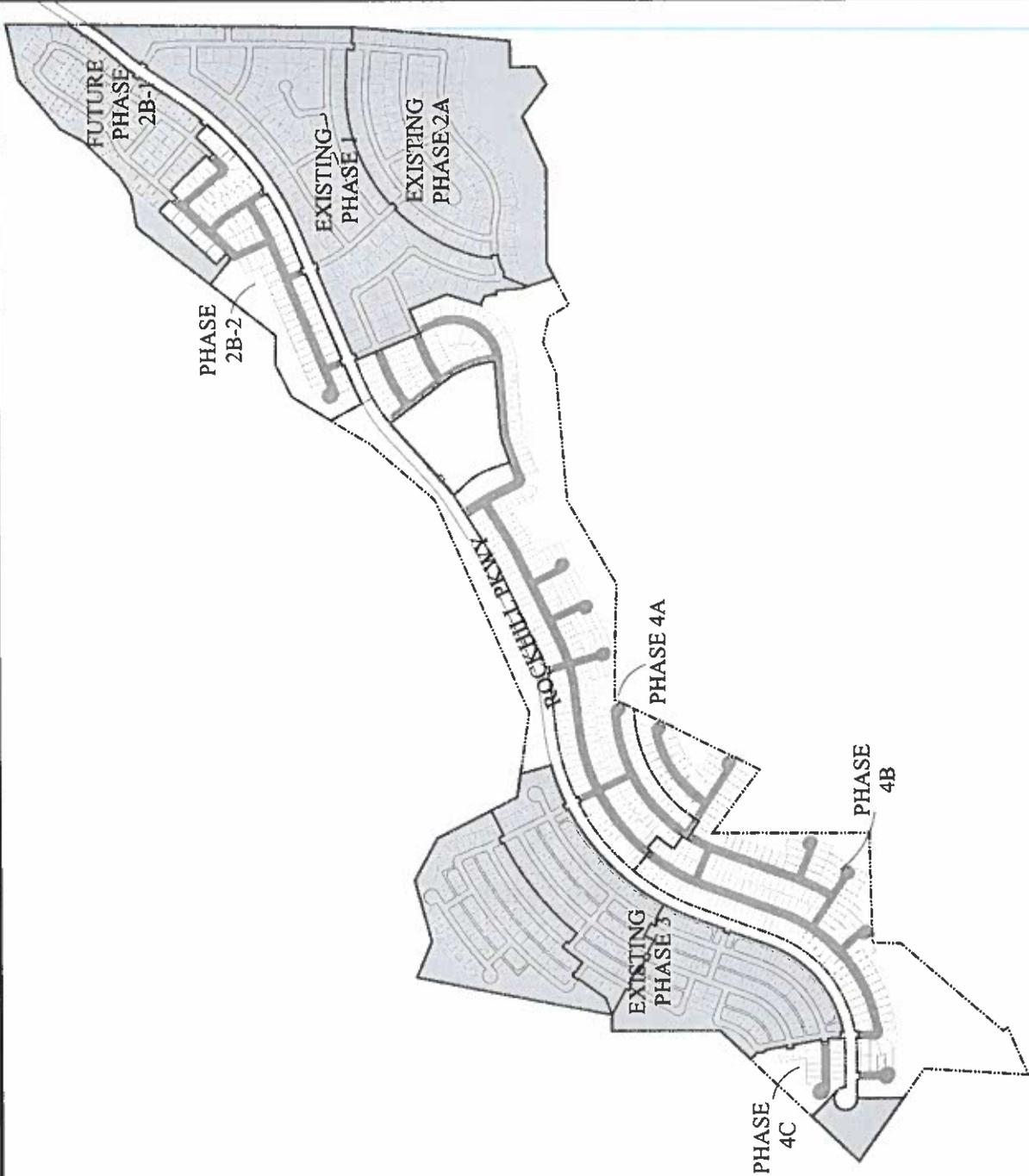
And North 38°33'33" East, a distance of 642.80 feet to the POINT OF BEGINNING and containing an area of 189.257 acres of land.

"This document was prepared under 22 Texas Administrative Code §138.95, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

APPENDIX D
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS



VALENCIA ON THE LAKES
IMPROVEMENT AREAS PHASE 2B2, 4A, 4B, & 4C
TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS

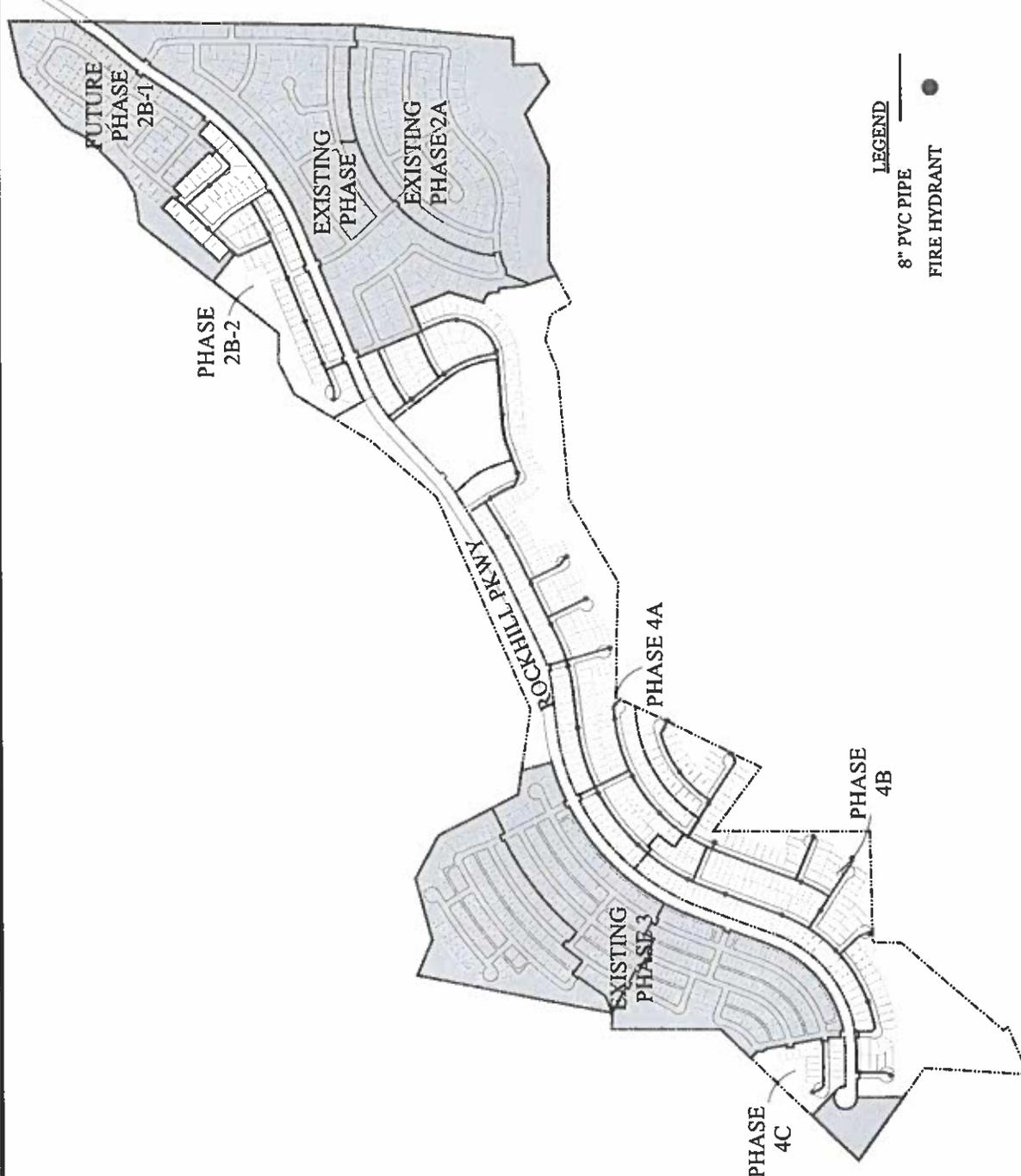


Right-of-Way Totals

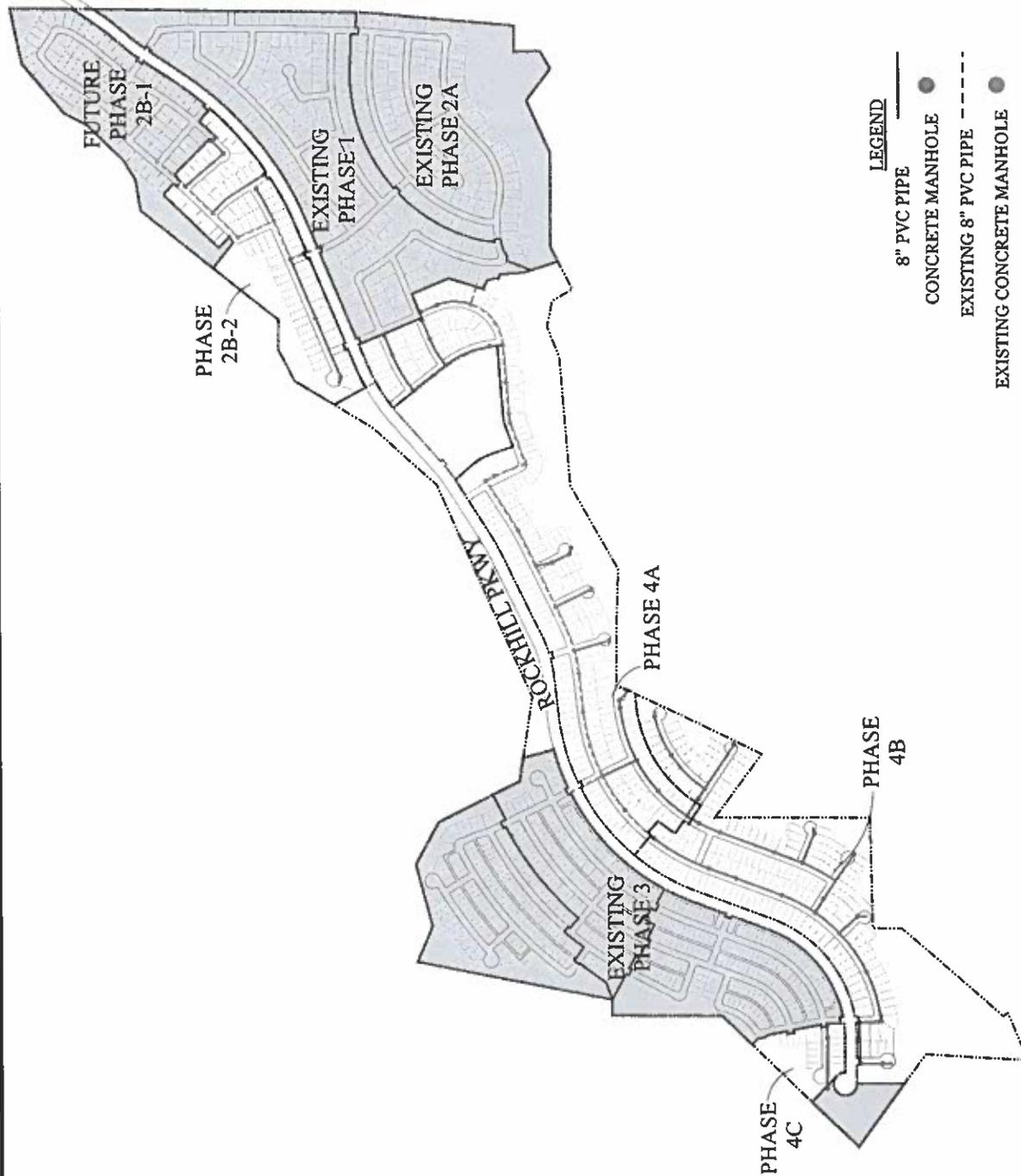
Phase:	Total
Phase 2B-2	50 FT
Phase 4A	122,752
Phase 4B	529,646
Phase 4C	367,385
	28,401
Total	1,048,184

VALENCIA ON THE LAKES
 RIGHT-OF-WAY TOTALS PHASE 2B-2, 4A, 4B, & 4C
 TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS





VALENCIA ON THE LAKES
 WATER IMPROVEMENTS
 TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS



- LEGEND**
- 8" PVC PIPE
 - CONCRETE MANHOLE
 - EXISTING 8" PVC PIPE
 - EXISTING CONCRETE MANHOLE

VALENCIA ON THE LAKES
 WASTEWATER IMPROVEMENTS
 TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS

APPENDIX E
PID DISCLOSURE

AFTER RECORDING RETURN TO:

_____]

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
TOWN OF LITTLE ELM, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$ _____

As the purchaser of the real property described above, you are obligated to pay assessments to the Town of Little Elm, Texas (the "Town"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valencia Public Improvement District No. 2* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the Town. The exact amount of each annual installment will be approved each year by the Town Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the Town.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

STATE OF TEXAS §
 §
COUNTY OF DENTON §

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

COUNTY OF DENTON

§

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

APPENDIX F
ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE
EQUIVALENTS

Appendix F

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of two Lot Types.

“**Lot Type 1**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 60 feet.

“**Lot Type 2**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 50 feet.

A) Proposed Development

Table F-1 shows the proposed residential units to be developed within the PID.

Table F-1
Proposed Development within the PID

Description	Proposed Development	
Lot Type 1 (60 Ft)	196	Units
Lot Type 2 (50 Ft)	339	Units
Total	535	Units

B) Calculation of Equivalent Units

As explained under Section IV, for purpose of this Service and Assessment Plan, the Town Council has determined that the Budgeted Costs of the Authorized Improvements to be financed with the Bonds shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

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

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

of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

Table F-2
Equivalent Unit Factors

Lot Type	Estimated Average Value	Equivalent Unit Factor
Lot Type 1 (60 Ft)	\$500,000	1.00 per dwelling unit
Lot Type 2 (50 Ft)	\$410,000	0.82 per dwelling unit

The total Equivalent Units for the PID are shown in Table F-3 as calculated based on the Equivalent Unit factors shown in Table F-2, estimated Lot Types and number of units estimated to be built within the PID.

Table F-3
Equivalent Units- PID

Description	Planned No. of Units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (60 Ft)	196	1.00	196.00
Lot Type 2 (50 Ft)	339	0.82	277.98
Total	535		473.98

C) Allocation of Assessments to Lots within the PID

The total amount of the Series 2022 PID Bonds, which represents the total Assessment to be allocated on all Parcels within the PID, is \$16,288,000. As shown in Table F-3, there are a total of 473.98 Equivalent Units resulting in an Assessment per Unit of \$34,364.32 (i.e., \$16,288,000 ÷ 473.98 = \$34,364.32).

Table F-4 sets forth the Assessment per dwelling unit within the PID.

Table F-4
Assessment Per Unit – PID

Description	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Unit	Total Assessments
Lot Type 1 (60 Ft)	196	\$34,364.32	1.00	\$34,364.32 per dwelling unit	\$6,735,407
Lot Type 2 (50 Ft)	339	\$34,364.32	0.82	\$28,178.74 per dwelling unit	\$9,552,593
Total	535				\$16,288,000

The projected leverage calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table F-5.

Table F-5
Projected Leverage – PID

Description	Planned No. of Units/1,000 GSF	Estimated Finished Lot Value per unit	Projected Home Value per unit	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	196	\$84,000	\$500,000	\$34,364.32	2.44	14.55
Lot Type 2 (50 Ft)	339	\$70,000	\$410,000	\$28,178.74	2.48	14.55

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit is shown in Table F-6.

Table F-6
Estimated Tax Rate Equivalent per unit – PID

Description	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	196	\$84,000	\$500,000	\$3,047	\$3.63	\$0.6094
Lot Type 2 (50 Ft)	339	\$70,000	\$410,000	\$2,499	\$3.57	\$0.6094

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

APPENDIX G
ASSESSMENT ROLL

**Appendix G-1
Assessment Roll**

**Parcel
Equivalent Units
Assessment**

**All Parcels⁽⁵⁾
473.98
\$16,288,000**

Year⁽¹⁾	Principal⁽²⁾	Interest⁽²⁾	Administrative Expenses⁽³⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/1/2023	\$0	\$853,641	\$0	\$0	(\$853,641)	\$0
9/1/2024	\$200,000	\$1,101,473	\$61,200	\$81,440	\$0	\$1,444,113
9/1/2025	\$212,000	\$1,089,473	\$62,424	\$80,440	\$0	\$1,444,337
9/1/2026	\$224,000	\$1,076,753	\$63,672	\$79,380	\$0	\$1,443,805
9/1/2027	\$238,000	\$1,063,313	\$64,946	\$78,260	\$0	\$1,444,518
9/1/2028	\$252,000	\$1,049,033	\$66,245	\$77,070	\$0	\$1,444,347
9/1/2029	\$267,000	\$1,033,598	\$67,570	\$75,810	\$0	\$1,443,977
9/1/2030	\$284,000	\$1,017,244	\$68,921	\$74,475	\$0	\$1,444,640
9/1/2031	\$301,000	\$999,849	\$70,300	\$73,055	\$0	\$1,444,203
9/1/2032	\$320,000	\$981,413	\$71,706	\$71,550	\$0	\$1,444,668
9/1/2033	\$339,000	\$961,813	\$73,140	\$69,950	\$0	\$1,443,902
9/1/2034	\$363,000	\$938,506	\$74,602	\$68,255	\$0	\$1,444,364
9/1/2035	\$388,000	\$913,550	\$76,095	\$66,440	\$0	\$1,444,085
9/1/2036	\$415,000	\$886,875	\$77,616	\$64,500	\$0	\$1,443,991
9/1/2037	\$444,000	\$858,344	\$79,169	\$62,425	\$0	\$1,443,937
9/1/2038	\$475,000	\$827,819	\$80,752	\$60,205	\$0	\$1,443,776
9/1/2039	\$509,000	\$795,163	\$82,367	\$57,830	\$0	\$1,444,360
9/1/2040	\$545,000	\$760,169	\$84,014	\$55,285	\$0	\$1,444,468
9/1/2041	\$583,000	\$722,700	\$85,695	\$52,560	\$0	\$1,443,955
9/1/2042	\$625,000	\$682,619	\$87,409	\$49,645	\$0	\$1,444,672
9/1/2043	\$669,000	\$639,650	\$89,157	\$46,520	\$0	\$1,444,327
9/1/2044	\$716,000	\$593,656	\$90,940	\$43,175	\$0	\$1,443,771
9/1/2045	\$768,000	\$544,431	\$92,759	\$39,595	\$0	\$1,444,785
9/1/2046	\$822,000	\$491,631	\$94,614	\$35,755	\$0	\$1,444,000
9/1/2047	\$881,000	\$435,119	\$96,506	\$31,645	\$0	\$1,444,270
9/1/2048	\$944,000	\$374,550	\$98,436	\$27,240	\$0	\$1,444,226
9/1/2049	\$1,012,000	\$309,650	\$100,405	\$22,520	\$0	\$1,444,575
9/1/2050	\$1,084,000	\$240,075	\$102,413	\$17,460	\$0	\$1,443,948
9/1/2051	\$1,162,000	\$165,550	\$104,461	\$12,040	\$0	\$1,444,051
9/1/2052	\$1,246,000	\$85,663	\$106,551	\$6,230	\$0	\$1,444,443
Total⁽⁴⁾	\$16,288,000	\$22,493,318	\$2,374,085	\$1,580,755	(\$853,641)	\$41,882,516

¹The 9/30/20XX dates represent the fiscal year end for the Series 2022 PID Bonds.

²Annual Installments are calculated using an interest rate of 6.000% in years 1 through 5 (2023-2027), 6.125% in years 6 through 10 (2028-2032), and 6.875% in years 11 through 30 (2033-2052) on the Series 2022 PID Bonds. Each value is rounded to the nearest whole number.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in 2023 are being funded with bond proceeds.

⁴ Rounded.

⁵The parcels within the PID, as identified on Denton CAD, include 38646, 986670, 958385, 986672, 683675, 986673, 96674, 584981, and 986675.

Appendix G-2
Assessment Roll by Lot Type

**Parcel
Equivalent Units
Assessment**

**Lot Type 1 (60 Ft)⁽⁵⁾
\$34,364.32
1.00**

Year⁽¹⁾	Principal⁽²⁾	Interest⁽²⁾	Administrative Expenses⁽³⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/1/2023	\$0	\$1,801	\$0	\$0	(\$1,801)	\$0
9/1/2024	\$422	\$2,324	\$129	\$172	\$0	\$3,047
9/1/2025	\$447	\$2,299	\$132	\$170	\$0	\$3,047
9/1/2026	\$473	\$2,272	\$134	\$167	\$0	\$3,046
9/1/2027	\$502	\$2,243	\$137	\$165	\$0	\$3,048
9/1/2028	\$532	\$2,213	\$140	\$163	\$0	\$3,047
9/1/2029	\$563	\$2,181	\$143	\$160	\$0	\$3,046
9/1/2030	\$599	\$2,146	\$145	\$157	\$0	\$3,048
9/1/2031	\$635	\$2,109	\$148	\$154	\$0	\$3,047
9/1/2032	\$675	\$2,071	\$151	\$151	\$0	\$3,048
9/1/2033	\$715	\$2,029	\$154	\$148	\$0	\$3,046
9/1/2034	\$766	\$1,980	\$157	\$144	\$0	\$3,047
9/1/2035	\$819	\$1,927	\$161	\$140	\$0	\$3,047
9/1/2036	\$876	\$1,871	\$164	\$136	\$0	\$3,047
9/1/2037	\$937	\$1,811	\$167	\$132	\$0	\$3,046
9/1/2038	\$1,002	\$1,747	\$170	\$127	\$0	\$3,046
9/1/2039	\$1,074	\$1,678	\$174	\$122	\$0	\$3,047
9/1/2040	\$1,150	\$1,604	\$177	\$117	\$0	\$3,048
9/1/2041	\$1,230	\$1,525	\$181	\$111	\$0	\$3,046
9/1/2042	\$1,319	\$1,440	\$184	\$105	\$0	\$3,048
9/1/2043	\$1,411	\$1,350	\$188	\$98	\$0	\$3,047
9/1/2044	\$1,511	\$1,252	\$192	\$91	\$0	\$3,046
9/1/2045	\$1,620	\$1,149	\$196	\$84	\$0	\$3,048
9/1/2046	\$1,734	\$1,037	\$200	\$75	\$0	\$3,047
9/1/2047	\$1,859	\$918	\$204	\$67	\$0	\$3,047
9/1/2048	\$1,992	\$790	\$208	\$57	\$0	\$3,047
9/1/2049	\$2,135	\$653	\$212	\$48	\$0	\$3,048
9/1/2050	\$2,287	\$507	\$216	\$37	\$0	\$3,046
9/1/2051	\$2,452	\$349	\$220	\$25	\$0	\$3,047
9/1/2052	\$2,629	\$181	\$225	\$13	\$0	\$3,047
Total⁽⁴⁾	\$34,364	\$47,456	\$5,009	\$3,335	(\$1,801)	\$88,363

¹The 9/30/20XX dates represent the fiscal year end for the Series 2022 PID Bonds.

²Annual Installments are calculated using an interest rate of 6.000% in years 1 through 5 (2023-2027), 6.125% in years 6 through 10 (2028-2032), and 6.875% in years 11 through 30 (2033-2052) on the Series 2022 PID Bonds. Each value is rounded to the nearest whole number.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in 2023 are being funded with bond proceeds.

⁴ Rounded.

⁵The parcels within the PID, as identified on Denton CAD, include 38646, 986670, 958385, 986672, 683675, 986673, 96674, 584981, and 986675.

Appendix G-3
Assessment Roll by Lot Type

**Parcel
Equivalent Units
Assessment**

**Lot Type 2 (50 Ft)⁽⁵⁾
\$28,178.74
0.82**

Year⁽¹⁾	Principal⁽²⁾	Interest⁽²⁾	Administrative Expenses⁽³⁾	Additional Interest Reserve	Capitalized Interest	Total Annual Installment
9/1/2023	\$0	\$1,477	\$0	\$0	(\$1,477)	\$0
9/1/2024	\$346	\$1,906	\$106	\$141	\$0	\$2,498
9/1/2025	\$367	\$1,885	\$108	\$139	\$0	\$2,499
9/1/2026	\$388	\$1,863	\$110	\$137	\$0	\$2,498
9/1/2027	\$412	\$1,840	\$112	\$135	\$0	\$2,499
9/1/2028	\$436	\$1,815	\$115	\$133	\$0	\$2,499
9/1/2029	\$462	\$1,788	\$117	\$131	\$0	\$2,498
9/1/2030	\$491	\$1,760	\$119	\$129	\$0	\$2,499
9/1/2031	\$521	\$1,730	\$122	\$126	\$0	\$2,499
9/1/2032	\$554	\$1,698	\$124	\$124	\$0	\$2,499
9/1/2033	\$586	\$1,664	\$127	\$121	\$0	\$2,498
9/1/2034	\$628	\$1,624	\$129	\$118	\$0	\$2,499
9/1/2035	\$671	\$1,580	\$132	\$115	\$0	\$2,498
9/1/2036	\$718	\$1,534	\$134	\$112	\$0	\$2,498
9/1/2037	\$768	\$1,485	\$137	\$108	\$0	\$2,498
9/1/2038	\$822	\$1,432	\$140	\$104	\$0	\$2,498
9/1/2039	\$881	\$1,376	\$142	\$100	\$0	\$2,499
9/1/2040	\$943	\$1,315	\$145	\$96	\$0	\$2,499
9/1/2041	\$1,009	\$1,250	\$148	\$91	\$0	\$2,498
9/1/2042	\$1,081	\$1,181	\$151	\$86	\$0	\$2,499
9/1/2043	\$1,157	\$1,107	\$154	\$80	\$0	\$2,499
9/1/2044	\$1,239	\$1,027	\$157	\$75	\$0	\$2,498
9/1/2045	\$1,329	\$942	\$160	\$69	\$0	\$2,500
9/1/2046	\$1,422	\$851	\$164	\$62	\$0	\$2,498
9/1/2047	\$1,524	\$753	\$167	\$55	\$0	\$2,499
9/1/2048	\$1,633	\$648	\$170	\$47	\$0	\$2,499
9/1/2049	\$1,751	\$536	\$174	\$39	\$0	\$2,499
9/1/2050	\$1,875	\$415	\$177	\$30	\$0	\$2,498
9/1/2051	\$2,010	\$286	\$181	\$21	\$0	\$2,498
9/1/2052	\$2,156	\$148	\$184	\$11	\$0	\$2,499
Total⁽⁴⁾	\$28,179	\$38,914	\$4,107	\$2,735	(\$1,477)	\$72,458

¹The 9/30/20XX dates represent the fiscal year end for the Series 2022 PID Bonds.

²Annual Installments are calculated using an interest rate of 6.000% in years 1 through 5 (2023-2027), 6.125% in years 6 through 10 (2028-2032), and 6.875% in years 11 through 30 (2033-2052) on the Series 2022 PID Bonds. Each value is rounded to the nearest whole number.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses in 2023 are being funded with bond proceeds.

⁴ Rounded.

⁵The parcels within the PID, as identified on Denton CAD, include 38646, 986670, 958385, 986672, 683675, 986673, 96674, 584981, and 986675.